

# APPROPRIATIONS REPORT 1993 BIENNIUM

VOL. I

1991 REGULAR SESSION  
1992 SPECIAL SESSION

DOCUMENTS

MONTANA LEGISLATURE  
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## OFFICE OF THE LEGISLATIVE FISCAL ANALYST

HELENA, MONTANA • MARCH 1992



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**APPROPRIATIONS REPORT, 1993 BIENNIUM**  
**1991 REGULAR SESSION**  
**1992 SPECIAL SESSION**

**Volume I**

*Submitted by*  
**The Office of the Legislative Fiscal Analyst**

**Helena, Montana**

**March, 1992**

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TERESA OLCOTT COHEA  
LEGISLATIVE FISCAL ANALYST

March, 1992

Members of the Fifty-second Legislature  
Members of the Legislative Finance Committee

In accordance with Section 5-12-302, MCA, and in keeping with the practice established in previous sessions, I am submitting a revised Appropriations Report for the 1993 biennium. The report provides an overview and details of the budget for the State of Montana approved by the legislature during the 1991 regular session and as amended during the January 1992 special session.

During the January 1992 special session, the legislature made significant changes in the 1993 biennium budget. Revenue estimates were revised, revenue collections reallocated, and estimated income tax collections accelerated. Fund balances were transferred to the general fund and school equalization accounts. Appropriations in over fifty percent of state agency programs were changed. This revised Appropriation Report provides an overview of the actions taken during the special session, their impact on the 1993 biennium budget, and prospects for the 1995 biennium.

The Summary section in Volume I provides a general overview of the entire state budget, an economic overview and details of the major general fund revenue sources, summaries of the pay plan increase and foundation program, and tables showing appropriations by fund type and the number of employees for each agency.

The agency narratives in Volumes I and II provide details for each agency and program on the appropriations contained in House Bill 2, the general appropriations act. These narratives show the appropriations made during the 1991 regular session, changes made during the 1992 special session, and pay plan allocations. Section F of Volume II discusses the long range building program adopted by the legislature.

We hope these volumes will serve as a useful reference document for legislators, the public, and state agencies.

Sincerely,

A handwritten signature in cursive script, reading "Teresa Olcott Cohea".

Teresa Olcott Cohea  
Legislative Fiscal Analyst



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## JANUARY 1992 SPECIAL SESSION

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### Special Session Action

During the January 1992 special session, the legislature adopted \$94.2 million of "budget balancers" to address the projected \$82.6 million general fund biennium deficit, leaving an estimated \$11.6 million fund balance at the end of the 1993 biennium. These "budget balancers" included \$15.4 million of net general fund budget reductions, \$6.0 million of fund balance transfers, and \$72.8 million of revenue adjustments.

Based on the revised revenue estimates adopted by the Revenue Oversight Committee in early January and appropriations as authorized during the 1991 regular session, the legislature faced a projected \$82.6 million deficit for the 1993 biennium at the beginning of the special session. Of this amount, \$47.9 million was needed for a supplemental to the school equalization account (SEA) to fund the foundation program and other appropriations approved during the 1991 regular session. In addition to the projected deficit, the Executive Budget requested \$20.8 million in general fund supplementals and an additional "reserve" of \$8.5 million for further general fund supplementals agencies might request during the biennium.

While the legislature approved \$35.9 million of reductions in general fund appropriations during the special session, these reductions were more than offset by increases in general fund spending for state agency supplementals and the SEA supplemental. As a result, total general fund expenditures during the 1993 biennium are projected to be \$8.9 million--or 0.9 percent-- higher than anticipated following the 1991 regular session.

### Revenue Shortfall and Adjustments

Based on revenue estimates and appropriations adopted during the 1991 regular session, the legislature projected a \$23.7 million ending fund balance in the general fund at the end of the 1993 biennium. This included an anticipated \$10.8 million general fund

supplemental to the SEA, which was anticipated to have expenditures in excess of revenues during the biennium.

However, fiscal 1991 revenue collections were significantly less--\$8.6 million general fund and \$22.8 million in the SEA--than expected, more than offsetting the projected general fund surplus. In early January, the Revenue Oversight Committee lowered 1993 biennium revenue estimates for the general funds and SEA by \$48.4 million, reflecting lower interest rates, oil prices, and personal income tax growth than anticipated during the 1991 regular session.

During the special session, the legislature adopted a number of measures to increase general fund and SEA revenues, including:

- 1) \$32.5 million in "one-time" revenue by requiring quarterly payment of certain estimated personal income taxes, beginning in tax year 1993;
- 2) \$14.4 million in adjustments to the personal income tax estimate, based on revised data from the Department of Revenue;
- 3) \$9.5 million in increased income and corporation tax audit collections due to increased staff, reallocation of existing staff, and acceleration of audit schedules;
- 4) \$4.8 million by diverting proceeds from state timber sales to the SEA from the common school trust during the 1993 biennium;
- 5) \$4.6 million by diverting coal tax revenue from the highways account to the general fund during fiscal 1993;
- 6) \$2.8 million in increased revenue estimates for institutional reimbursements deposited in the general fund; and
- 7) \$4.2 million in additional fee increases and revenue adjustments.

Table 1 shows the revenue adjustments adopted during the special session.

# JANUARY 1992 SPECIAL SESSION

Table 1  
Revenue Adjustments Adopted During Special Session

	<u>1993 Biennium</u>
HB2 Legislative Auditor - Audits & bond fees	\$43,340
Judiciary - Law library fees	37,000
Secretary of State - Corporation filing fees	150,000
Military Affairs - Federal funds	223,431
Corr. & Human Services - Institutional reimbursements	2,842,044
- Court-ordered fees	513,454
Long range building - Capitol land grant	103,014
HB3 State timber sales revenue	4,771,000
HB4 Labor - Unemployment insurance account	1,500,000
HB6 Justice - Various fees	377,900
HB10 Highways coal tax	4,572,000
HB14 Quarterly estimated tax payment	32,474,000
HB18 Commerce - Science and Technology Alliance	19,000
HJR1 Increased income and corporation tax audits	9,517,547
Liquor store bailments	1,000,000
Additional TRANS interest	200,000
Income tax adjustments	<u>14,418,000</u>
Total	\$72,761,730

## Fund Balance Transfers

In order to help fund the supplementals and balance the budget, the legislature approved the transfer of \$6.0 million in

fund balances from other accounts to the general fund and SEA. Table 2 shows the source of these transfers.



## JANUARY 1992 SPECIAL SESSION

Table 2  
Fund Balance Transfers Approved during Special Session

<u>Transfers to General Fund</u>		<u>1993 Biennium</u>
HB2	Legislative auditor - Audit collections	\$22,159
	Governor's Office - ARCO balance	28,000
	- Airplane sale	575,000
	Justice - Various accounts	24,400
	Administration - Photocopy pool	92,000
	- Computer proprietary account	100,000
	PERS - Social security interest	144,547
	SRS - Child support account	744,848
	- Unreconciled account	1,000,000
HB5	Corr. & Human Services - Prison industries	605,212
HB6	Justice - Various funds	58,500
HB9	Sec. of State - Admin Code/Records Management	40,000
HB17	Justice - Gambling control	190,000
HB21	Crime Control - Crime victims compensation	250,000
General Fund Subtotal		\$3,874,666
<u>Transfers to SEA</u>		
HB2	Commerce - Local impact account	\$2,135,363
Total transfers		\$6,010,029

### Budget Reductions

During the special session, the legislature reduced general fund appropriations by \$35.9 million--\$33.0 million in state agency and university system budgets and a \$2.9 million in the statutory appropriation for retirement benefits enacted in Senate Bill 1. However, the reduction in state agency budgets was offset by the \$20.5 million in additional general fund appropriated for agency supplementals and new initiatives. Table 3 shows the general fund budget reductions, increases, and net reductions by agency

group (subcommittee). While human service agencies received substantial budget reductions in some programs, the \$12.0 million in general fund supplementals (discussed below) resulted in increased general fund spending for these agencies. Similarly, reductions in the agencies in the Natural Resources and Commerce subcommittee were offset by the \$5.6 million supplemental for fire suppression costs. Over 75 percent of the net general fund budget reduction was in the university system and the other education agencies.

## JANUARY 1992 SPECIAL SESSION

Table 3  
General Fund Biennial Budget Reductions and  
Additions by Subcommittee, 1992 Special Session  
(Millions)

	<u>Budget Reductions</u>	<u>Budget Increases</u>	<u>Net Reductions</u>
Retirement Benefits (SB1)	(\$2.9)		(\$2.9)
General Government	(4.7)	\$0.9	(3.8)
Human Service	(10.1)	12.0	1.9
Natural Resource agencies and Commerce	(2.6)	5.6	3.0
Institutions and Cultural Education	(2.5)	2.0	(0.5)
Education	(11.9)		(11.9)
Long Range Planning	<u>(1.2)</u>	<u>.</u>	<u>(1.2)</u>
Total	(\$35.9)	\$20.5	(\$15.4)

Table 4 shows the impact of these reductions on agencies' general fund operational budgets. In this table, reductions that don't impact agencies' internal operations--such as reductions

in pass-through funding or benefits, and funding switches--are not included. Biennial cuts ranged from 0 percent for two agencies to 10.8 for one agency. The average biennial percent reduction is 4.3 percent.

# JANUARY 1992 SPECIAL SESSION

Table 4  
General Fund Operational Budget Reductions by Percent

Agency	<-----Special Session Cuts----->		
	% Cut FY 1992	% Cut FY 1993	% Cut Biennium
1 Department of Labor & Industry	10.87%	10.78%	10.82%
2 Department of Agriculture	8.00%	8.00%	8.00%
3 Department of Transportation	8.00%	8.00%	8.00%
4 Department of Fish, Wildlife & Parks	8.00%	8.00%	8.00%
5 Department of Commerce	5.00%	8.00%	6.50%
6 Library Commission	7.74%	4.00%	5.87%
7 Commissioner of Political Practices	9.80%	0.00%	5.77%
8 Office of the Governor	5.03%	6.44%	5.72%
9 Legislative Council	6.43%	5.00%	5.72%
10 Department of State Lands	6.05%	5.11%	5.58%
11 Legislative Fiscal Analyst	5.52%	5.00%	5.26%
12 Montana Arts Council	4.44%	6.02%	5.18%
13 Crime Control Division	8.00%	2.49%	5.17%
14 State Auditor's Office	5.00%	5.00%	5.00%
15 Office of Public Instruction	5.00%	5.00%	5.00%
16 Department of Health & Environmental Sciences	3.73%	5.91%	4.83%
17 Department of Administration	4.38%	5.00%	4.69%
18 Secretary of State	6.58%	2.47%	4.57%
19 Department of Justice	5.62%	3.35%	4.47%
20 Higher Education	1.72%	6.65%*	4.20%*
21 Department of Military Affairs	4.12%	3.58%	3.86%
22 Department of Natural Resources & Conservation	4.00%	3.31%	3.65%
23 Legislative Auditor	6.17%	0.25%	3.17%
24 Department of Social & Rehabilitation Services	2.90%	2.82%	2.86%
25 Board of Public Education	2.67%	2.54%	2.61%
26 Environmental Quality Council	2.32%	2.45%	2.39%
27 Judiciary	2.07%	1.96%	2.01%
28 Historical Society	2.35%	0.90%	1.63%
29 Department of Revenue	1.31%	1.83%	1.57%
30 Department of Family Services	1.44%	1.59%	1.52%
31 School For Deaf & Blind	1.34%	1.66%	1.50%
32 Department of Corrections & Human Services	1.78%	0.70%	1.24%
33 Department of Livestock	0.00%	0.00%	0.00%
34 Public Service Regulation	0.00%	0.00%	0.00%
Average	4.63%	3.94%	4.30%

\*If the Board of Regents increases tuition, the actual budget reduction will be reduced by the amount of the tuition increase.

## Supplementals

The Executive Budget requested \$20.8 million in general fund supplementals for five state agencies. The legislature approved \$19.5 million of these requests and \$0.4 million supplementals to other agencies. In addition, it provided \$0.6 million additional general fund for new initiatives approved during the session.

The Executive Budget also requested that \$8.5 million for projected supplementals be reserved over and above the ending fund balance for additional supplementals that might occur during the remainder of the biennium. The legislature did not approve the creation of this reserve.

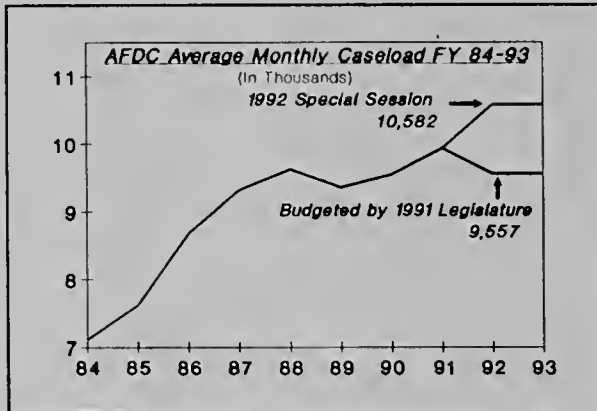
## Social and Rehabilitation Services (SRS)

The Executive Budget requested and the legislature approved \$2.4 million additional general fund for increased caseloads in Aid to Families with Dependent Children (AFDC), \$0.9 million additional general fund for increased caseloads in general assistance (GA), and \$6.3 million additional general fund for higher-than-anticipated costs in the State Medical program.

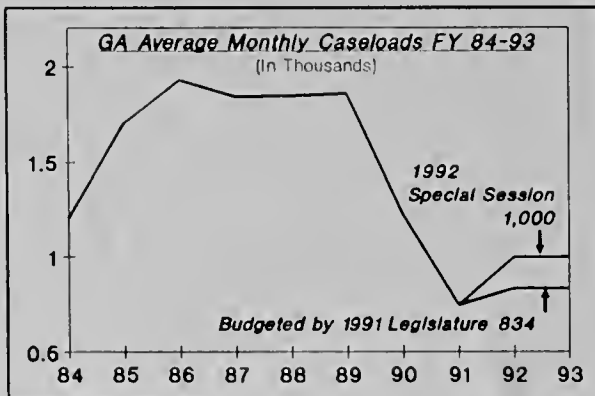
The following graphs show historical, budgeted, and revised caseloads/funding in the AFDC, GA, and State Medical programs as adopted during the special session.

## JANUARY 1992 SPECIAL SESSION

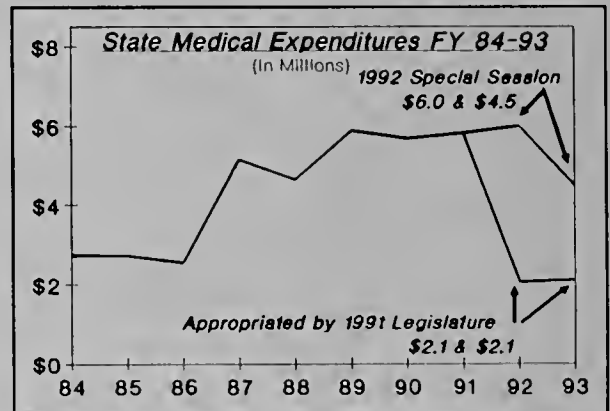
**AFDC Monthly Caseloads** - The 1993 biennium caseloads budgeted by the 1991 legislature were based on actual caseloads through the first six months of fiscal 1991. At the agency's request, these estimates were then lowered based on anticipated reductions resulting from full implementation of the Job Opportunities and Basic Skills (JOBS) program. The revised projections are based on actual caseloads through the first four months of fiscal 1992.



**GA Monthly Caseloads** - GA monthly caseloads decreased significantly beginning in fiscal 1990, largely due to legislation enacted during the 1989 session. The 1993 biennium caseloads budgeted by the 1991 legislature were based on actual caseloads through the first six months of fiscal 1991. The revised projections are based on actual caseloads through the first four months of fiscal 1992.



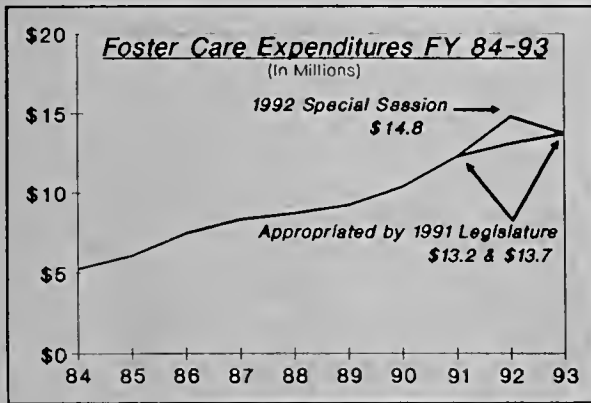
**State Medical** - General fund expenditures for state medical benefits are currently exceeding the level appropriated by the 1991 legislature by several million dollars. The graph shows that the 1993 budgeted level dropped significantly from the actual 1991 expenditure level. This reduction in funding was made at the request of SRS, based on anticipated savings resulting from enactment of SB 269 and changes in federal regulations making more state medical recipients eligible for Medicaid benefits. Revised projections are based on actual expenditures through the first five months of fiscal 1992. Estimates are reduced in fiscal 1993 in anticipation of full implementation of SB 269 provisions and other program modifications currently underway.



### Department of Family Services (DFS)

The Executive Budget's revised estimates of fiscal 1992 foster care expenditures, which were approved by the legislature during the special session, exceed fiscal 1992 appropriations by nearly \$1.7 million (\$2.2 million general fund). The general fund amount exceeds the total increase because of funding shifts within the program.

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Although the graph shows a significant increase in expenditures from 1991 to 1992, the actual care days projected for 1992 are less than were funded in 1991, due to a changing service mix.

According to DFS's latest estimates, more care days will be provided in more expensive in-state and out-of-state treatment, while fewer days will be provided in less expensive family foster homes and group homes. (See page B-160 for more details on the foster care program.)

### Department of Corrections and Human Services

The Executive Budget requested \$1.5 million additional general fund in fiscal 1992 for increased population, personal service shortfalls, anticipated medical costs, and other costs in the Corrections system. The legislature approved \$0.7 million of this request.

The Executive Budget also requested \$0.9 million additional general fund for the biennium in the Developmental Disability system to address inadequate staffing and service levels at state institutions, as cited in recent medicaid surveys. The legislature approved this request.

The legislature also appropriated \$0.4 million for additional professional staff at Warm Springs state hospital to comply with a district court ruling.

### Department of State Lands

The Executive Budget requested \$6.4 million general fund for fire suppression costs associated with forest fires in the summer and fall of 1991. The legislature appropriated \$5.6 million, based on actual costs.

### Department of Revenue

At the executive's request, the legislature appropriated \$0.5 million general fund to enhance the department's audit and revenue collection efforts.

### Other Budget Increases

The legislature appropriated \$256,000 general fund to the district court reimbursement program to help offset a portion of counties' costs in paying a newly-imposed fee for court-ordered psychiatric evaluations. It appropriated \$198,731 to the Governor's Office for purchase of a replacement aircraft, additional costs due to the special session, and increased Board of Visitor's costs. It also funded several other small budget increases: 1) \$12,000 to the Legislative Council for a study of state aircraft; 2) \$32,402 to the Montana Historical Society for personal services; and 3) \$55,000 to the departments of Commerce and Natural Resources and Conservation to implement the Treasure State Endowment program, contingent on electoral approval of the referendum in the June 1992 election.

During the special session, the executive estimated that agencies may request an additional \$8.5 to \$9.0 million in general fund supplementals in fiscal 1993. LFA analysis indicates that potential additional general fund supplementals may be even higher--\$11 to \$14 million. If these additional supplementals do occur, the total general fund supplementals for the 1993 biennium will be considerably higher than during previous biennia, as shown in Table 5.

## JANUARY 1992 SPECIAL SESSION

Table 5  
General Fund  
Supplementals

<u>Biennia</u>	<u>Millions</u>
1987	\$25.8
1989	17.1
1991	19.9
1993*	31.5-34.5

\*Includes supplementals approved during special session and LFA estimate of additional supplementals in fiscal 1993.

### School Equalization Supplemental

The legislature appropriated \$24.1 million general fund to the SEA to fund the appropriations for the foundation program payments and other costs approved during the 1991 regular session. As a result of revenue adjustments made during the special session, the anticipated shortfall in the account by the end of the biennium was reduced from \$47.9 million to \$23.7 million. Any unexpended portion of the supplemental reverts to the general fund.

As discussed in the "School Foundation Program" section, the SEA will require a continuing loan from the general fund despite this supplemental, due to the fiscal 1991 revenue shortfall.

### FTE Increase

During the special session, the legislature authorized in House Bill 2 the addition of a net 26.08 FTE in fiscal 1992 and 39.50 FTE in fiscal 1993 in the following actions:

1) elimination of 1.0 FTE in the Governor's Office and 1.0 FTE Department of Commerce in fiscal 1993;

2) addition of staff in the Department of Revenue (0.68 FTE in fiscal 1992 and 4.0 FTE in fiscal 1993) to increase personal income tax collections;

3) addition of 21.9 FTE in fiscal 1992 and 26.5 FTE in fiscal 1993, as requested in the Executive Budget, at the Montana Developmental Center (MDC) and 1.0 FTE for both years at Eastmont Human Services Center (EHSC) to maintain medicaid certification at the two facilities.

4) addition of 2.5 FTE in fiscal 1992 and 10.0 FTE in fiscal 1993 at Montana State Hospital to improve patient care in response to the Ihler district court decision. The agency expects the number of FTE to be reduced in future years as patients are moved to community programs.

### Budget Reduction Authority

In September 1991, the Governor issued Executive Order 28-91 in response to the revenue shortfall. This order, which directed state agencies to implement \$31.4 million of "budget balancers" in fiscal 1992, was based on authority granted in Section 17-7-140, MCA. In a November 1991 ruling, a district court held that this statute provided an unconstitutional delegation of legislative authority. The Governor then called the legislature into special session to address the projected budget deficit.

During the special session, House Bill 11 was introduced to attempt to remedy the constitutional defects in current law identified by the district court decision. The bill died in the Senate.

### Comparison with Executive Budget

During the January 1992 special session, the legislature adopted most of the proposals contained in the Executive Budget:

1) revenue estimates. The general fund and SEA revenue estimates for the 1993 biennium adopted by the legislature in HJR1 are within 0.07 percent (\$1.2 million) of the executive estimate.

2) revenue adjustments. The Executive Budget proposed \$60.3 million in revenue adjustments. The legislature adopted



## JANUARY 1992 SPECIAL SESSION

all of these recommendations, except the \$4.0 million that the executive estimated would be generated by the conversion of remaining state liquor stores to agency stores. The legislature adopted an additional \$16.5 million in revenue adjustments, including \$5.1 million in income tax collections based upon revised data from the Department of Revenue and \$3.0 million in additional audit collections based on testimony provided by the department.

3) fund balance transfers. The Executive Budget recommended fund balance transfers totalling \$6.1 million. While the legislature did not approve the transfer of \$1.0 million from the Hazardous Waste/CERCLA account or \$0.2 million from the district court reimbursement fund to the general fund, it approved the remaining executive recommendations as well as \$1.1 million in other transfers. As a result, \$6.0 million of fund balance transfers were enacted.

4) supplementals. The Executive Budget requested \$20.8 million in general fund supplementals for state agencies and an \$8.5 million reserve for additional supplementals that might occur during the biennium. While the legislature approved \$20.5 million of supplementals for state agencies, it did not set aside a reserve for additional supplementals.

5) net budget reductions. The Executive Budget proposed \$21.9 in net budget reductions. The legislature approved \$15.4 million in net reductions, or \$6.5 million less. Table 6 provides a comparison of the Executive Budget and legislative action by subcommittee.

6) ending fund balance. The Executive Budget recommended a general fund ending fund balance of \$11.1 at the end of the biennium. (If the \$8.5 million supplemental "reserve" is included, the executive's recommended ending fund balance was \$19.6 million.) The legislature's actions will result in a projected \$11.6 million balance in the general fund at the end of the biennium.

As Table 6 shows, the legislature reduced agencies' general fund

appropriations in several subcommittees by more than recommended in the Executive Budget: \$1.0 million more budget reductions in general government agencies; \$1.3 million more in Natural Resource agencies and Commerce; and \$1.0 million more in long range planning. However, it did not reduce spending for human service agencies, state institutions, and education as much as recommended by the executive.

Table 6  
Comparison of Executive Budget and  
Special Session Action,  
1993 Biennium

<u>Subcommittee</u>	<u>Millions</u>
General Government & Trans	(\$1.0)
Human Services	3.3
Natural Resource & Commerce	(1.3)
Institutions & Cultural Educ.	0.4
Education	6.1
Long Range Planning	(1.0)
<u>Total</u>	<u>\$6.5</u>

In SRS, the legislature did not adopt the executive recommendation to require counties to pay certain computer costs, delay provider rate increases, or reduce certain developmental disabilities programs. In DFS, the legislature did not approve the executive recommendation to consider parental assets in medicaid certification of children needing inpatient psychiatric care, reduced the vacancy savings proposed for field staff and Pine Hills and Mountain View staff, and maintained in-home health care at the level appropriated by the 1991 legislature.

In order to allow the interim committee to complete its review of potential future uses of Galen and Montana State Hospital, the legislature did not approve the Executive Budget recommendation to reduce the Mental Health Division appropriations by \$1.0 million through significant program changes at Galen and Warms Springs.

The legislature reduced general fund support for the Montana university system by \$10.9 million, which was \$5.4 million less than recommended by the

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## JANUARY 1992 SPECIAL SESSION

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Executive Budget. (This comparison is based on the executive recommendation contained in House Bill 2, as introduced. The executive proposed an additional \$4.7 million general fund reduction in the university system in fiscal 1992 if the liquor store conversion bill were not enacted. This bill did not pass. If this additional reduction is considered, legislative reductions for the university system were \$10.1 million less than recommended by the executive.) The legislature also provided \$5.2 million in additional tuition revenue spending authority, in anticipation that the Board of Regents would offset a portion of the fiscal 1993 budget reduction with tuition increases.

The legislature approved a 5 percent reduction in the Office of Public Instruction operations and 8 percent reduction in certain funds passed through to districts. The Executive Budget proposed a 10 percent reduction in OPI operations and reductions of 8 percent to 15 percent in certain pass-through funds.

### Prospects for the 1995 Biennium

While the legislature faced a difficult task in the 1992 special session balancing the budget for the current biennium, the 1993 legislature is likely to have an even more difficult task. Four of state government's major accounts--school equalization account, combined highways account, workers' compensation fund, and general fund--have declining fund balances. Several of the accounts are also projected to have cash deficits during the 1993 biennium. Many of the "budget balancers" adopted during the 1991 regular session and 1992 special session provide "one-time" revenue or savings. In addition, human service benefit costs are growing rapidly, outstripping revenue growth.

#### School equalization account

As discussed in the "School Foundation Program" section, under the new school equalization program, expenditures from the SEA have significantly exceeded

revenues. The account has had an outstanding loan from the general fund since November 1990 and is expected to carry a \$17.9 million loan into the 1995 biennium, despite the \$24.1 million general fund supplemental and additional revenue adjustments for the account enacted during the 1992 special session. Based on historical revenue growth, the SEA will need over \$25 million in additional revenue during the 1995 biennium to support the current program (with no schedule increases).

#### Combined highways account

During the 1991 biennium, expenditures exceeded revenue in the combined highways account by \$55.5 million. Based on current revenue estimates and the appropriations approved during the 1991 regular session, the combined highways account will decrease by another \$67.3 million this biennium, leaving only a \$23.1 million balance by June 30, 1993. The account faces a deficit in fiscal 1994 if expenditures remain at current levels and no additional revenue is deposited in the account. While the state will receive additional federal funds in the 1995 biennium, state matching funds must be provided in order to receive this federal funding.

#### Workers compensation funds

During the May 1990 special session, the legislature separated liabilities for injuries that occurred prior to fiscal 1991 ("old business") from premiums written for workers' compensation coverage and injuries that occurred after that date ("new business"). The 1991 legislature authorized the sale of bonds funded by the 0.28 percent payroll tax to pay "old business" liabilities. In fiscal 1991 when the funds were separated, actuaries estimated that claims for pre-1991 injuries would total \$375 million. Recent actuarial estimates have increased the projected liability to between \$380 and \$433 million, despite the claims that have been paid from the proceeds of the bonds issued in July 1991 to fund the "old business".



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## JANUARY 1992 SPECIAL SESSION

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State Fund staff project that the "old business" will run out of cash in late 1992. The Board of Investments, in conjunction with the State Fund, is considering two alternatives to fund "old business" payments until the 1993 session meets: 1) extending loans from the "new business", supported by payroll tax collections in excess of bond debt service requirements; and 2) purchasing insurance to guarantee workers' compensation bond repayment, thereby allowing bond reserves to be used for benefit payment. These alternatives would support "old business" payments until early 1993. Additional revenue will be needed during the 1995 biennium to help fund payment of claims.

The Board of Directors of the State Fund authorized a mid-year rate increase in fiscal 1992 to maintain solvency of the "new business". In the first year of operation, the "new business" depleted a \$2 million surplus as premiums received the last quarter of the year were lower than estimated. The new business had a cash reserve of about \$95 million in November 1991.

### General fund

Based on the revised budget updated during the special session, expenditures from the general fund are anticipated to exceed revenues by \$52 million during the 1993 biennium. This imbalance between revenues and expenditures has existed throughout the last decade, with expenditures exceeding revenues in 7 of the 10 years. To help keep the general fund solvent, the legislature approved the transfer of \$97.8 million in cash balances from other accounts to the current general fund and SEA during the period fiscal 1986 through 1993.

As a result of the \$94.2 million of "budget balancers" adopted during the special session, the general fund is expected to have an ending fund balance of \$11.3 million at the end of fiscal 1992 and \$11.6 million at the end of fiscal 1993. However, the Department of Administration projects that there will be a cash deficit in the account at the end of both fiscal years: \$9.8 million deficit in fiscal 1992 and \$27.3 million

deficit in fiscal 1993. The department will have to borrow cash from the highways and other accounts to repay the Tax and Revenue Anticipation Notes (TRANS) issued during the current biennium to supplement cashflow in the general fund. This large "gap" between the fund balance and cash balance is due mainly to the continuing loan to the SEA.

Many of the "budget balancers" adopted during this biennium provide "one-time" revenue and fund balances that will not be available to the 1993 legislature as it works to balance the 1995 biennium budget:

1) \$.60 million in fund balance transfers; and

2) approximately \$52.5 million in revenue increases from accelerated income tax collections, audits, and liquor store profits.

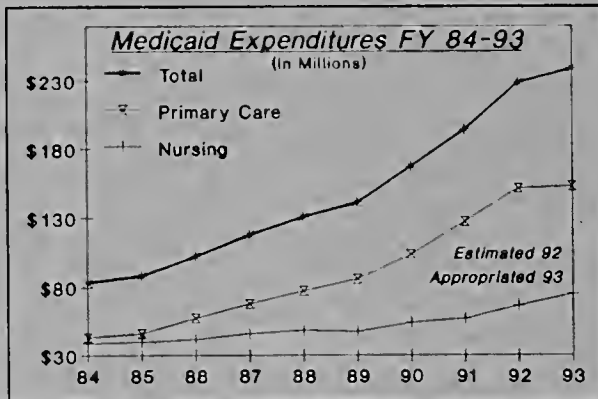
In addition, \$9.3 million of revenue was diverted to the general fund and SEA on a "one-time" basis. Continuing these diversions will require legislation during the 1993 session.

While the legislature reduced general fund appropriations by \$35.9 million during the special session, most of these savings are not ongoing. For example, \$16.6 million was in personal services. Since under current budgeting practices, personal services budgets are based on a "snapshot" of authorized staff prior to the legislative sessions, personal services reductions achieved through "vacancy savings" will not reduce the 1995 biennium budget base. The \$2.9 million reduction in retirement benefits (SB1) is a "one-time" savings. Over \$2.5 million of the budget reductions were due to delaying provider rate increases and new programs. However, these rate increases and new programs will be in place when the 1993 legislature begins.

Most importantly, the cost of human service benefit programs is growing faster than revenue. Since fiscal 1979, human service benefits have grown by an average 9 percent per year. However, costs of medicaid--the largest human

## JANUARY 1992 SPECIAL SESSION

service benefit program--are escalating even more rapidly, driven primarily by increases in primary care medicaid expenditures. (Primary care costs include hospitals, prescription drugs, and physicians and other practitioners.)



Total medicaid expenditures for primary care were less than \$86 million in fiscal 1989 but are projected to be more than \$151 million in fiscal 1992. (Approximately 28 percent of medicaid costs are funded by the general fund.) Primary care expenditure increased 20 percent from 1989 to 1990 and an additional 20 percent from 1990 to 1991. Through the first seven months of fiscal 1992, expenditures are nearly 23 percent above 1991 levels. While the fiscal 1993 appropriation is only slightly larger than estimated fiscal 1992 costs due to anticipated savings from cost containment measures SRS has implemented, continued growth at the current rate may necessitate a substantial supplemental for this program in fiscal 1993. Because this program is so large, continued increases of this magnitude will have a significant impact on the general fund in future years.

# 1993 BIENNIUM BUDGET OVERVIEW

## General Overview

This section provides a general overview of the 1993 biennium budget for the State of Montana approved by the 1991 legislature and revised during the January 1992 special session. More detailed information on the topics discussed below is provided in the other sections of the Summary and in the agency narratives contained in this volume and Volume II of this report.

## General Fund Spending

General fund expenditures are anticipated to increase 16.9 percent during the 1993 biennium, compared to the 1991 biennium. This increase is slightly less than the general fund expenditure growth during the 1991 biennium (17.2 percent) and the average growth (19.1 percent) during the preceding nine biennia (1973 through 1989). As Table 1 shows, most of the increased general fund spending during the 1993 biennium is for education, human services, pay plan increases, and statutory appropriations for retirement benefits (Senate Bill 226) and personal property reimbursement.

Table 1  
General Fund Increases  
1991 to 1993 biennium

Item/ Agency	(\$ Millions)
Pay Plan	\$ 33.9
SRS	27.9
K-12 Education	25.9
Statutory Approp.	22.9
Higher Education	21.6
Dept. of Family Serv.	12.5
All Other	5.5
Total	\$150.2

Graph 1 shows anticipated general fund expenditures in House Bill 2 during the 1993 biennium. Expenditures for human services, institutions, and education will consume 73 percent of the total.

Funding for the remaining state agencies, elected officials, the

legislature, and the Judiciary comprises only 19 percent of the general fund budget in House Bill 2. Statutory appropriations for debt service, personal property tax reimbursements, and retirement benefits consume the remaining 8 percent of the general fund.

Table 2 shows general fund appropriations by agency for the 1993 biennium in order of size. These totals include House Bill 2 and miscellaneous and statutory appropriations, as amended during the January 1992 special session.

## General Fund Revenues

General fund revenues are projected to grow 13.8 percent during the biennium, based on the economic assumptions adopted during the 1992 special session in House Joint Resolution 1. A significant amount of this growth is from "one-time" revenue adjustments adopted during the special session.

General fund appropriations for the 1993 biennium exceed anticipated revenues by \$52 million, causing a decline in the ending fund balance. Based upon HJR 1 revenue estimates, the general fund ending fund balance is expected to be \$11.6 million at the end of the 1993 biennium.

## Total Fund Spending

The general fund accounts for approximately 25 percent of the total state government spending during the 1993 biennium, with state special revenue accounting for an additional 31 percent and federal funds 29 percent. Graph 2 shows the percent each fund comprises of total state spending.

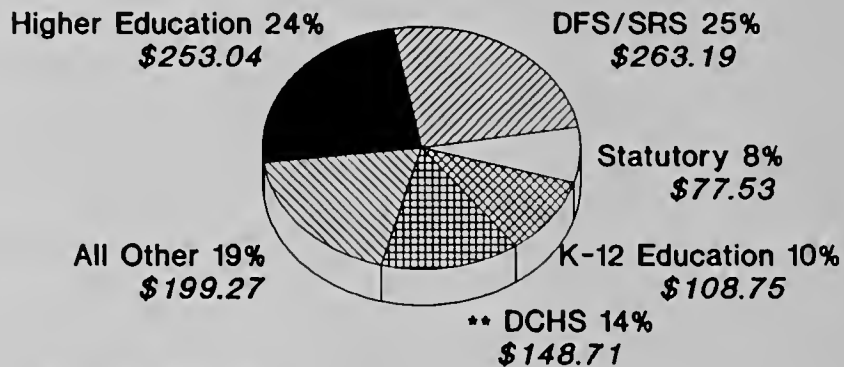
Total spending is anticipated to grow approximately 20 percent (\$672 million) compared to the 1991 biennium. The main areas of growth are:

- ♦ a \$132 million increase in the Department of Social and Rehabilitation Services (SRS), due primarily to medicaid and other benefits;

## 1993 BIENNIUM BUDGET OVERVIEW

### 1993 Biennium General Fund Disbursements \$1,050 \*

(In Millions)

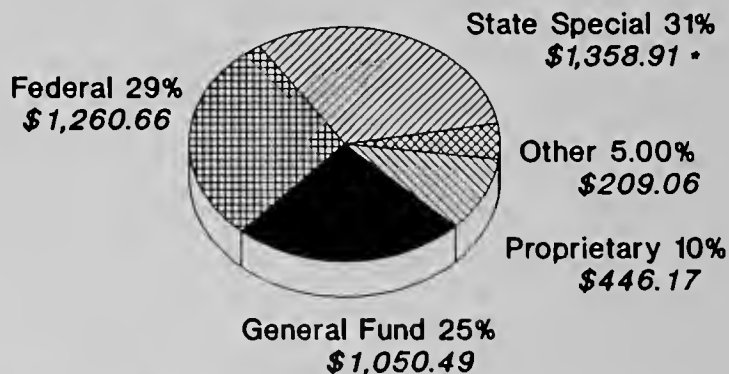


- Excluding Reversions
- \*\* Formerly Department of Institutions

**Graph 1**

### 1993 Biennium Total Disbursements \$4,325.29 \*

(In Millions)



- Excluding Non-General Fund Debt Service
- \*\* Includes \$772.14 Million School Foundation Funding

**Graph 2**

# 1993 BIENNIUM BUDGET OVERVIEW

Table 2  
1993 Biennium Anticipated General Fund Disbursements

Rank	Agency/Purpose	Anticipated Disbursements	% of Total	Cumulative %
1	Higher Education	\$253,041,327	24.09%	24.09%
2	Dept. of Soc & Rehab Services	200,784,280	19.11%	43.20%
3	Dept. of Corr. & Human Serv.	148,708,024	14.16%	57.36%
4	Public Schools*	108,745,429	10.35%	67.71%
5	Dept. of Family Services	62,407,866	5.94%	73.65%
6	Dept. of Revenue	41,377,321	3.94%	77.59%
7	Property Tax Reimbursement	38,074,000	3.62%	81.21%
8	Debt Service	32,385,000	3.08%	84.30%
9	Dept. of Justice	24,889,760	2.37%	86.67%
10	Dept. of State Lands	23,045,424	2.19%	88.86%
11	Supreme/District Courts	16,967,904	1.62%	90.47%
12	Office of Public Instruction**	9,464,779	0.90%	91.38%
13	Dept. of Natural Resources	8,944,078	0.85%	92.23%
14	Dept. of Health	7,924,663	0.75%	92.98%
15	Dept. of Administration	7,430,128	0.71%	93.69%
16	Retirement Benefits	7,070,000	0.67%	94.36%
17	Dept. of Commerce	6,096,714	0.58%	94.94%
18	School for the Deaf & Blind	5,442,045	0.52%	95.46%
19	Office of the Governor	5,063,177	0.48%	95.94%
20	Feed Bill	5,036,368	0.48%	96.42%
21	State Auditor	4,431,317	0.42%	96.84%
22	Public Service Commission	4,260,893	0.41%	97.25%
23	Dept. of Military Affairs	4,213,123	0.40%	97.65%
24	Legislative Council	4,139,283	0.39%	98.04%
25	Historical Society	2,597,602	0.25%	98.29%
26	Legislative Auditor	2,491,886	0.24%	98.53%
27	Library Commission	2,208,813	0.21%	98.74%
28	Dept. of Agriculture	2,179,972	0.21%	98.95%
29	Secretary of State	1,982,865	0.19%	99.14%
30	Legislative Fiscal Analyst	1,782,796	0.17%	99.31%
31	Dept. of Livestock	1,561,608	0.15%	99.45%
32	Dept. of Labor & Industry	1,466,284	0.14%	99.59%
33	Board of Crime Control	960,475	0.09%	99.68%
34	Dept. of Transportation	910,416	0.09%	99.77%
35	Dept. of Fish, Wildlife & Parks	796,901	0.08%	99.85%
36	Environmental Quality Council	583,771	0.06%	99.90%
37	Highway Traffic Safety	366,160	0.03%	99.94%
38	Comm. of Political Practices	280,010	0.03%	99.96%
39	Board of Public Education	221,996	0.02%	99.99%
40	Montana Arts Council	153,106	0.01%	100.00%
Less Estimated Reversions		(10,000,000)		
Total General Fund		\$1,040,487,564	100.00%	100.00%

\* Includes \$24.1 million supplemental

\*\* Administration Costs Only

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## 1993 BIENNIUM BUDGET OVERVIEW

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- ♦ \$108 million increase in the long range building program, which includes a \$61.3 million general obligation bond issue;
- ♦ \$116 million increase in state support for K-12 education, as the new school foundation program which began in fiscal 1991 continues in both years of the 1993 biennium;
- ♦ \$45 million increase in highway spending, due to a higher allocation of federal funds;
- ♦ \$33 million increase in environmental and other programs in the Department of Health and Environmental Sciences;
- ♦ \$29 million increase in funding for the Office of the Commissioner of Higher Education and the university system;
- ♦ \$23 million increase in general fund statutory appropriations for retirement benefits and property tax reimbursements; and
- ♦ \$68 million more for pay plan funding.

### Number of State Employees

The number of state employees (full-time equivalents or FTE) authorized in the general appropriation act (House Bill 2) as amended during the special session grew by 2 percent (214 FTE in fiscal 1992 and 237 FTE in fiscal 1993) over the fiscal 1991 level. Over half these FTE were added in response to federal mandates or an increase in federal funding. Approximately 50 FTE were added by state initiatives to strengthen environmental programs, enhance recreational and wildlife management, and assist Montana's basic industries. Another 119 FTE were added to the human services agencies and state institutions, to handle increasing caseloads and improve services.

### Long Range Building Program

The legislature in the 1991 regular and 1992 special sessions approved a \$141.5 million long-range building program, the largest in the state's history. This program provides for the construction of a new 120-bed women's correctional facility, a major expansion of the men's prison, construction of three new buildings in the university system, and substantial repair and maintenance of university property. This large program

is financed in part by the issuance of \$61.3 million in general obligation bonds during the next two biennia.

### Education Funding

The 1991 legislature provided a substantial increase in funding for Montana's university system and other postsecondary educational institutions. In addition to the \$61.8 million for construction, maintenance, and repair of university system buildings and equipment, the legislature appropriated \$32.5 million additional general fund for postsecondary education (excluding the pay plan allocation). During the January 1992 special session, the university system increase was reduced by \$10.9 million and the maintenance and building program for the system reduced by \$1.2 million general fund.

State support for K-12 education will increase slightly (1.4 percent) between fiscal 1991 and the annual cost in the 1993 biennium. Since the Governor vetoed the funding source for a 2 percent per year increase in foundation schedules approved by the legislature, the fiscal 1991 foundation schedule will be continued during the 1993 biennium.

State support for K-12 education during the 1993 biennium is estimated to total \$880.8 million. This is equal to over 90 percent of the total general fund biennium budget for all state agencies and the university system.

### Pay Plan Increase

The legislature approved a \$67.9 million (\$33.9 million general fund) pay plan increase for state employees. This increase, which provides an average 7.4 percent raise in fiscal 1992 and 5.2 percent in fiscal 1993 to most state employees, is the most substantial in a decade.

The pay plan bill provides a 60 cents per hour raise in fiscal 1992, a 25 cents per hour raise in the first half of fiscal 1993, and an additional 20 cents per hour in the last six months of fiscal 1993. In addition, the bill moves the state toward a market-based,

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## 1993 BIENNIUM BUDGET OVERVIEW

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open-range pay system. It repeals the current 13 step pay matrix and replaces it with an open range plan, comprised of entry, market, and maximum salaries for each of the 25 grades. The entry and market salaries for each grade are based upon a 1990 survey of wages paid by Montana's public and private employers and public employers in five surrounding states. In addition to the cents per hour raise, employees covered by the general pay matrix will receive an

annual progression increase designed to move them toward the market salary for their assigned grade.

Lastly, the pay plan bill provides a \$20 per month increase each year of the biennium in the state contribution for health insurance. Because this increase is less than the anticipated increase in medical costs, employee costs for dependent coverage will increase.



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## GENERAL FUND SUMMARY

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### Revised 1993 Biennium General Fund Budget

During the January 1992 special session, the legislature balanced the state's general fund budget, leaving a projected \$11.6 million ending fund balance in the general fund at the end of the 1993 biennium. This balance is equal to approximately 1.1 percent of annual general fund disbursements. Table 1 shows the anticipated general fund revenue and disbursements for the biennium.

### Structural Imbalance

Disbursements during the 1993 biennium will grow slightly less (16.9 percent) than during the 1991 biennium (17.2 percent) and substantially less than the average biennial growth during the 1970's. However, disbursements will continue to exceed revenues, causing the general fund balance to drop from \$89.0 million at the end of fiscal 1990 to a projected \$11.6 million at the end of the 1993 biennium.

Throughout the last decade, there has been a structural imbalance within the general fund. Expenditures exceeded revenues in seven of these years. During the period fiscal 1986 through 1990, the legislature transferred \$91.8 million of cash balances from several accounts to the general fund and school equalization account (SEA) to help balance the budget. During the 1992 special session, the legislature approved an additional \$6.0 million of fund balance transfers to these accounts.

Under the revised budget adopted during the 1992 special session, the structural imbalance between general fund revenues and expenditures will continue during the 1993 biennium: general fund expenditures are anticipated to exceed revenues by \$52.0 million. Moreover, substantial portions of the revenue collections anticipated during the biennium are "one-time" revenues to the general fund and SEA that will not be available in the 1995 biennium under current law:

1) \$43.5 million in accelerated income tax collections due to the passage of House Bill 959 during the 1991 regular session and House Bill 14 during the special session;

2) \$4.6 million in coal tax revenue diverted from the highways account to the general fund for fiscal 1993 only;

3) \$7.0 million in accelerated corporation tax audit collections;

4) \$1.0 million in liquor store profits due to bailment;

5) \$1.0 million in an institutional reimbursement cost settlement; and

6) \$4.8 million in state timber sale revenue diverted to the SEA from the common school trust for the 1993 biennium.

While the 1992 special session approved \$35.9 million of reductions in general fund appropriations, these budget reductions were more than offset by the following increases in general fund spending: 1) a \$24.1 million supplemental to the SEA to fund appropriations authorized during the 1991 regular session; and 2) \$20.5 million in supplementals to state agencies for existing programs, and new initiatives enacted during the session. As a result, total general fund expenditures during the 1993 biennium are projected to be \$8.9 million higher than anticipated after the 1991 regular session.

### General Fund Revenues

As Table 1 shows, general fund revenues grew 8.1 percent during the 1991 biennium, substantially less than the 21.2 percent growth projected during the 1991 regular session. Due to the actions taken by the legislature during the 1992 special session, general fund revenues are anticipated to grow 13.8 percent during the 1993 biennium, which is slightly more than the 12.0 percent growth projected during the 1991 regular session.

Table 2 provides a summary of general fund appropriation bills as enacted and amended during the 1991 regular and 1992 special legislative sessions.

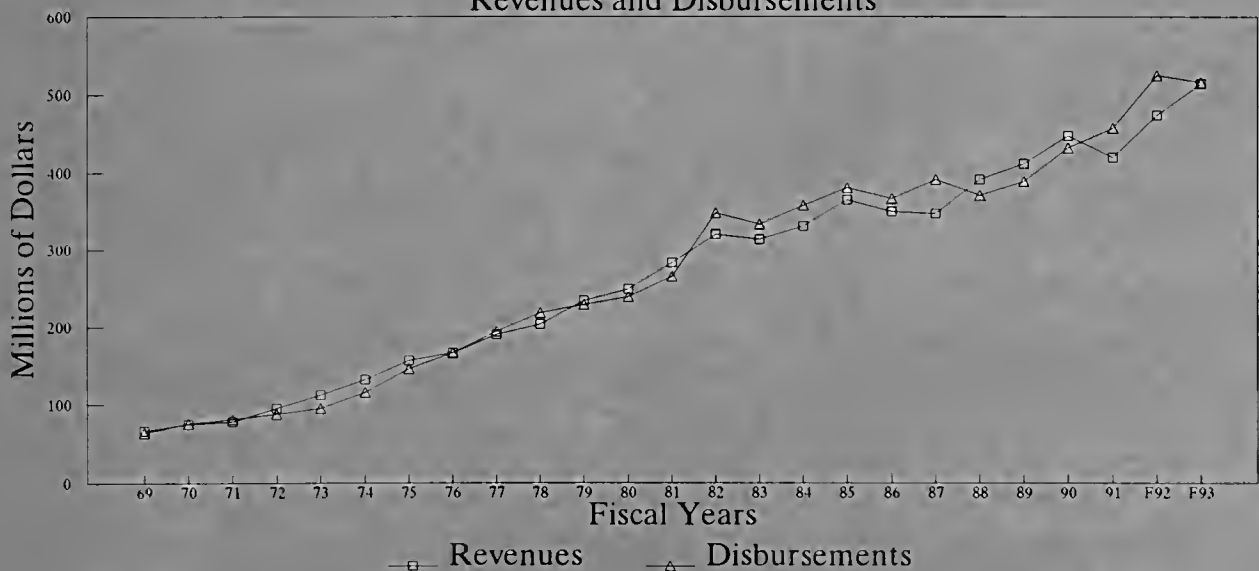


# GENERAL FUND SUMMARY

Table 1  
General Fund Summary  
Revenue and Disbursement Statistics  
In Millions

F Y	Annual Revenue	Biennium Revenue	Percent Change	Annual Disbursements	Biennium Disbursements	Percent Change
69	\$66.707299			\$63.790000		
70	74.626788			75.616000		
71	78.010512	\$152.637300		81.299944	\$156.915944	
72	95.176800			87.956650		
73	112.569763	207.746563	36.10%	94.739472	182.696122	16.43%
74	131.756689			115.543830		
75	156.641727	288.398416	38.82%	146.247584	261.791414	43.29%
76	166.345787			166.340893		
77	189.879345	356.225132	23.52%	194.300258	360.641151	37.76%
78	203.244549			218.093767		
79	233.360791	436.605340	22.56%	228.763427	446.857194	23.91%
80	248.131743			238.167938		
81	282.526748	530.658491	21.54%	264.551569	502.719507	12.50%
82	320.259309			347.901270		
83	313.575015	633.834324	19.44%	332.610274	680.511544	35.37%
84	330.305498			357.387046		
85	364.521837	694.827335	9.62%	380.358776	737.745822	8.41%
86	349.541482			366.815431		
87	346.689859	696.231341	0.20%	391.324548	758.139979	2.76%
88	391.152206			370.853289		
89	411.723287	802.875493	15.32%	388.270121	759.123410	0.13%
90	447.961774			432.323202		
91	420.256643	868.218417	8.14%	457.612174	889.935376	17.23%
F92	473.830000			524.432000		
F93	514.279000	988.109000	13.81%	515.650000	1040.082000	16.87%

## GENERAL FUND SUMMARY Revenues and Disbursements



## Estimated General Fund Balance In Millions

	Actual Fiscal 1990	Actual Fiscal 1991	Estimated Fiscal 1992	Estimated Fiscal 1993	Actual FY 90-91	Estimated FY 92-93
Beginning Fund Balance	\$67.234	\$89.038	\$58.700	\$11.303	\$67.234	\$58.700
Receipts						
Estimated Receipts	447.962	420.257	473.830	514.279	868.219	988.109
Total Available	\$515.196	\$509.295	\$532.530	\$525.582	\$935.453	\$1,046.809
Disbursements						
General Appropriations	432.323	457.612	458.017	438.123	889.935	896.140
Pay Plan Appropriations			12.962	20.914		33.876
Statutory Appropriations						
Property Tax Reimbursement			19.037	19.037		38.074
Debt Service			10.817	11.754		22.571
TRANS Interest			2.433	7.381		9.814
Retirement Benefits			3.341	3.729		7.070
Miscellaneous Appropriations			10.998	2.777		13.775
Continuing Appropriations						
Supplementals						
All Other Agencies						
State Equalization Account			11.291	12.435		23.726
Feed Bill			0.536	4.500		5.036
Reversions			(5.000)	(5.000)		(10.000)
Anticipated Disbursements	\$432.323	\$457.612	\$524.432	\$515.650	\$889.935	\$1,040.082
Adjustments	5.969	5.879	1.019		11.848	1.019
Foundation Program Reversion						
Residual Equity Transfer	0.196	1.138	2.186	1.689	1.334	3.875
Ending Fund Balance	<u>\$89.038</u>	<u>\$58.700</u>	<u>\$11.303</u>	<u>\$11.621</u>	<u>\$58.700</u>	<u>\$11.621</u>

## Estimated School Equalization Fund Balance In Millions

	Actual Fiscal 1990	Actual Fiscal 1991	Estimated Fiscal 1992	Estimated Fiscal 1993	Actual FY 90-91	Estimated FY 92-93
Beginning Fund Balance	\$15.309	\$20.592	\$9.482	(\$11.291)	\$15.309	\$9.482
Receipts						
Estimated Receipts	279.964	366.361	376.983	383.944	646.325	760.927
Education Trust Transfer						
Total Available	\$295.273	\$386.953	\$386.465	\$372.653	\$661.634	\$770.409
Disbursements						
Current Level Schedules	287.393	346.900	347.200	347.016	634.293	694.216
Guaranteed Tax Base		44.600	46.500	47.436	44.600	93.936
Transportation Costs			3.908	3.913		7.821
Telecommunications Network			0.148	0.149		0.297
Anticipated Disbursements	\$287.393	\$391.500	\$397.756	\$398.514	\$678.893	\$796.270
Adjustments	(1.776)	14.029			12.253	
Residual Equity Transfer	14.488			2.135	14.488	2.135
Ending Fund Balance	<u>\$20.592</u>	<u>\$9.482</u>	<u>(\$11.291)</u>	<u>(\$23.726)</u>	<u>\$9.482</u>	<u>(\$23.726)</u>

# GENERAL FUND SUMMARY

Table 2  
General Fund Appropriation Summary  
1991 Regular Session and 1992 Special Session

BILL NO.	DESCRIPTION OF LEGISLATION	FISCAL 1991	FISCAL 1992	FISCAL 1993
<u>1992 REGULAR SESSION</u>				
HB001*	Feed Bill	\$4,499,497		
HB002	General Appropriations Act		\$482,147,469	\$438,123,204
HB003	FY91 Supplemental Appropriations	19,846,383		
HB005*	Appropriation For Capital Projects**		1,767,500	
HB030	Educ. Telecommunications Network		300,000	300,000
HB077	Automobile Ins. Premium Tax For Highway Patrol Pensions**		317,400	214,360
HB093	Utilization Fee For Bed Days In Nursing Homes		1,239,048	1,253,979
HB125*	American Indian/Minority Achievement Appropriation		175,648	
HB131*	Human Skeletal Remains And Burial Site Protection Act		10,000	
HB142*	Committee On Postsecondary Education** Policy And Budget		61,710	
HB179	Maintenance Of Veterans' Cemetery		22,806	22,795
HB340*	Property Taxation Of Forest Land Based On Forest Productivity Value		980,838	
HB365*	Applied Genetic Engineering Technology Research/Development		60,000	
HB371*	Family Services Appropriation For In-Home Services		200,000	
HB477	Microbusiness Development Act		64,600	
HB489*	Clothing Allowance - Foster Care Children		266,186	
HB491*	Respite Care For Foster Children In Licensed Homes**		50,000	
HB509*	Pay Plan Adjustments For State Employees**		13,026,200	20,914,000
HB528	Request For Proposal For Siting Of Women's Prison		8,000	
HB569*	Family Services Info. Management System**		286,589	
HB579	Create Motor Vehicle Computer Renewal System**		588,156	770,868
HB696*	Increase and Extend Funding For Statewide Genetics Program		1,069,299	
HB746*	Indian Monument And Flag Circle On Capital Grounds		6,000	
HB876*	Revise and Continue The MIAMI Project**		12,880	
HB903*	Create Court Automation Account and Court Automation Fees**		386,400	
HB959	Revise Montana Individual Income Tax Laws		108,225	78,705
HB966*	Study Future Of Galen And Warm Springs State Hospital**		34,040	
HB978	Seek Waiver To Provide Services In Personal Care Facilities			60,000
HB990*	Fund Nat'l Historic Trail Interpretive Cntr**		644,000	
HB999*	Out-Of-District Placement Of Child With Disability**		2,273,320	
SB232	Salvage And Motor Vehicle Inspection/Identifying Program**		0	0
<u>1992 SPECIAL SESSION</u>				
HB001*	Feed Bill		536,368	
HB014	Quarterly estimated tax			<u>77,971</u>
TOTAL		\$24,345,880	\$506,642,682	\$461,815,882

\*Continuing Appropriations

\*\* As amended during January 1992 special session

## REVENUE ESTIMATES, 1993 BIENNIUM

### Legislative Revenue Estimate

Section 5-18-107, MCA, provides that the legislatively adopted revenue estimate "constitutes the legislature's current revenue estimate" and "will be used by all agencies with responsibilities for estimating revenues and costs, including preparation of fiscal notes". The Revenue Oversight Committee (ROC) is assigned the responsibility of preparing an estimate of available revenues for consideration by the legislature.

### Original Estimate - HJR 24

Prior to the 1991 regular session, the ROC adopted the revenue estimates included in House Joint Resolution 24 (HJR 24), as introduced. In accordance with section 5-18-107, the Legislative Fiscal Analyst's office (LFA) used these estimates in its Budget Analysis. While the Executive Budget was published prior to ROC's adoption of revenue estimates, the executive and ROC's revenue estimates were remarkably close--a difference of only \$5.0 million for the

1993 biennium or less than three-tenths of one percent. While the executive estimate of income tax, corporation tax, and oil severance taxes were higher than HJR 24, its estimate for other sources were lower, resulting in almost identical estimates for total available general fund and school equalization account (SEA) revenues.

There were very few changes in HJR 24 during the legislative process. The free conference committee lowered projected calendar year 1991 oil prices by \$2.23 per barrel and increased biennial revenues by approximately \$7.9 million for higher anticipated income tax audits, legislative audit collections, and Tax and Revenue Anticipation Notes (TRANS) arbitrage earnings.

### FY1991 Collections

After adjusting for late payments, general fund and SEA revenue collections in fiscal 1991 were \$31.4 million or 3.8 percent below the HJR 24 revenue estimates, as Table 1 shows.

Table 1  
Difference Between FY91 Collections<sup>1</sup> and HJR 24 Estimate  
(Millions)

	General Fund	SEA	Total
Income Tax	\$(9.3)	\$(8.2)	\$(17.5)
40 Mill Levy		(6.3)	(6.3)
Federal Mineral Royalties		(3.5)	(3.5)
Corporation Tax	(2.6)	(1.4)	(4.0)
Other	<u>3.3</u>	<u>(3.4)</u>	<u>(0.1)</u>
Total	\$(8.6)	\$(22.8)	\$(31.4)

<sup>1</sup> Adjusted for late payments (\$6.6 million in 40 mill levy and \$3.5 million in corporation tax revenue)

The income tax shortfall was from taxes paid on non-wage and salary income (i.e. capital gains, interest and dividends, rents and royalties), commonly called estimated taxes. While taxes on wages and salaries are withheld and paid throughout the year, estimated taxes on

non-wage and salary income are paid one to three times a year. The 40 mill levy revenue shortfall was due to property tax delinquencies and estimating oversights. Lower oil prices impacted federal mineral royalty collections.

# REVENUE ESTIMATES, 1993 BIENNIUM

## Revised Estimate-HJR 1

Prior to the January 1992 special session, the ROC received industry groups' testimony and updated reports from the LFA and the executive on major economic assumptions and revised biennial revenue estimates. Based on this input, ROC introduced House Joint Resolution 1 (HJR 1), the revised legislative revenue estimate for the 1993 biennium.

As Table 2 shows, the HJR 1 revenue estimates as amended and adopted by the legislature are very close to the level estimated in the Executive Budget--only \$1.2 million or 0.07 percent higher. However, the HJR 1 revenue estimates are \$29.7 million or 1.7 percent higher than estimated by the LFA. Of this amount, \$11.7 million is anticipated as a result of actions proposed in the Executive Budget and by the Department of Revenue (DOR):

1) \$7.0 million in additional corporation income tax audit collections

resulting from acceleration of audits that would have been done during the 1995 biennium and additional staff;

2) \$2.5 million in additional income tax collections resulting from additional audit staff and reallocation of existing staff resources;

3) \$1.0 million in additional liquor store profits due to bailment, in which wholesalers own the liquor inventory in the state warehouse until the inventory is shipped to a state liquor store. DOR transferred \$3.7 million to the general fund in fiscal 1991 as a result of bailment.

4) a gross \$1.2 million in additional interest resulting from the sale of an anticipated \$145 million in TRANS in fiscal 1993. The LFA estimate was based on the TRANS level in HJR 24--\$90 million.

Table 2  
Comparison of Revenue Estimates, 1993 Biennium  
(Millions)

Source of Revenue	HJR 24	LFA	Executive	HJR 1
General fund	\$984.821	\$931.248	\$946.166	\$945.507
School equalization	753.223	740.885	740.755	744.189
Executive proposals			11.735	11.735
HB14 - Estimated tax		32.032	34.000	32.474
Total	\$1,738.044	\$1,704.165	\$1,732.656	\$1,733.905
Difference from Exec to HJR 1				\$1.249

The major revisions in HJR 1 were in personal income components, corporation tax audit collections, oil prices, and interest rates. Table 3 compares the

resulting revenue estimates, as contained in HJR 24, the LFA and Executive Budget projections, and HJR 1 as adopted.

## REVENUE ESTIMATES, 1993 BIENNIUM

Table 3  
Major Changes in Revenue Estimates--General Fund and SEA,  
1993 Biennium (Millions)

<u>Source</u>	<u>HJR 24</u>	<u>LFA</u>	<u>Exec</u>	<u>HJR 1</u>	<u>HJR 1-HJR 24</u>
Income tax/bond excess	\$700.842	\$656.987	\$663.608	\$669.563	(\$31.279)
Oil severance	37.957	32.840	35.002	32.374	(5.583)
Federal mineral royalty	50.443	49.507	50.443	49.400	(1.043)
Interest	230.604	211.060	215.418	219.176	(11.428)
Lottery	12.282	10.072	7.480	10.073	(2.209)
Other	705.916	711.667	714.970	709.110	3.194
Executive proposals					
Audits	0.000		9.517	9.517	9.517
Liquor profits	0.000		1.000	1.000	1.000
TRANS interest	<u>0.000</u>	<u>.</u>	<u>1.218</u>	<u>1.218</u>	<u>1.218</u>
Total difference HJR 1 - HJR 24	\$1,738.044	\$1,672.133	\$1,698.656	\$1,701.431	(\$36.613)

HJR 1 anticipates a high level of audit collections during the 1993 biennium compared to previous biennia, as Table 4 shows.

Table 4  
Audit Collections--Income and  
(Millions)

<u>Biennium</u>	<u>Audit collections</u>
1989	\$35.343
1991	35.195
1993 (projected)	<u>53.886</u>

During the 1991 regular session, the legislature added 6.0 audit and accounts receivable FTE, based on DOR testimony that they would generate an additional \$4.3 million in revenue. During the 1992 special session, the legislature added 4.0 more FTE, based on DOR testimony that they would generate an additional \$1 million of audit revenue in fiscal 1993.

### Estimated Quarterly Tax Payments

During the 1992 special session, the legislature enacted House Bill 14, which requires that any taxpayer with annual

tax liability (less credits and withholding payments) greater than \$500 will be required to file quarterly estimated tax payments beginning in tax year 1993. If more than two-thirds of a taxpayer's income is net farm income, he is not required to file quarterly returns.

Under current Montana law, taxpayers receiving more than 50 percent of their total income from non-wage and salary income (i.e. capital gains; rents, royalties, and partnership income; interest and dividend income) are required to make two annual estimated tax payments during each tax year (one in April and one in October). However, since there is no penalty for failure to make these payments, some taxpayers make payments in December of the taxable year and by April 15 of the following tax year. In contrast, federal law requires taxpayers receiving this type of income to make quarterly estimated tax payments within a taxable year and imposes penalties for failure to pay 25 percent of total liability in each quarter. Both federal and state law require that employers withhold income taxes from wage and salary income at the time of

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## REVENUE ESTIMATES, 1993 BIENNIUM

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payment (weekly, biweekly, monthly, etc.).

Based on HJR 1 assumptions, House Bill 14 is anticipated to produce an additional \$32.5 million in fiscal 1993 (slightly less than the \$34.0 million anticipated in the Executive Budget).

Under the tax year 1993 effective date, the first quarterly payments will be due in April and June of 1993. If a significant number of taxpayers do not comply in a timely manner with the new law, there may be a revenue shortfall at the end of the 1993 biennium.



## GENERAL FUND REVENUE COMPONENTS

### General Fund Revenue Estimates

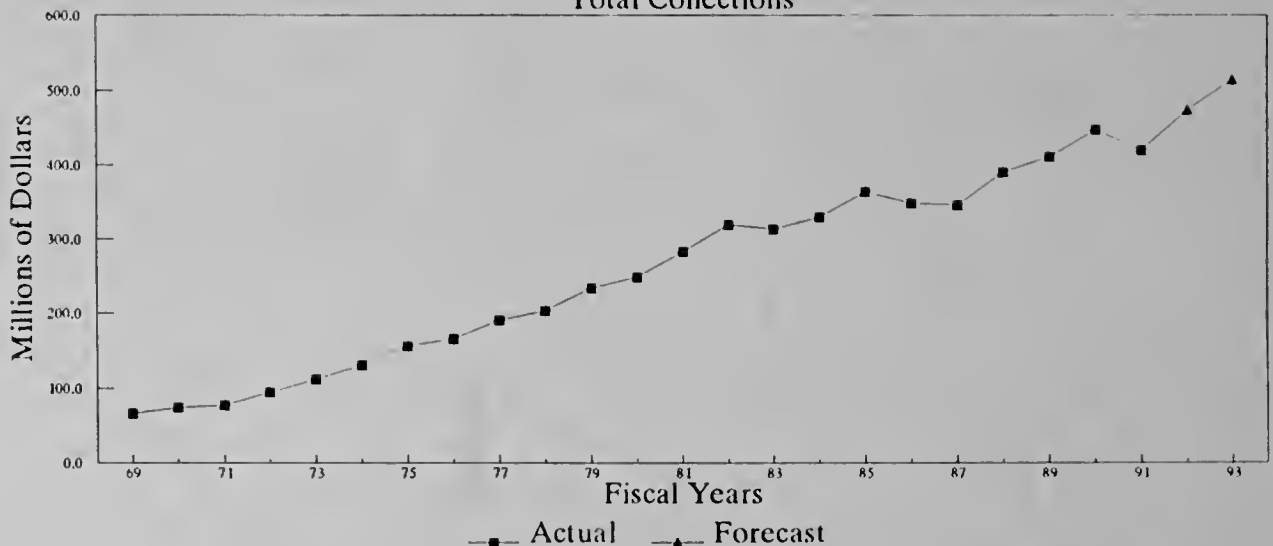
General fund revenue includes receipts from levies upon personal income, corporate income, mineral extraction, alcoholic beverage consumption, insurance premiums, and numerous other fees, fines, and taxes. Since most sources are influenced by the economic climate, forecasts formulated for these

revenues utilize the economic forecasts discussed in the following section.

The table below shows projected revenue for the 1993 biennium, as contained in HJR 1 adopted during the January 1992 special session.

Source of Revenue	Actual Fiscal 1990	Actual Fiscal 1991	Estimated Fiscal 1992	Estimated Fiscal 1993	Actual FY 90-91	Estimated FY 92-93
Individual Income Tax	\$159,443,210	\$142,282,737	\$199,084,000	\$224,108,000	\$301,725,947	\$423,192,000
Corporation License Tax	48,242,988	38,165,356	32,517,000	37,190,000	86,408,344	69,707,000
Coal Severance Tax	10,445,286	7,765,470	6,086,000	10,436,000	18,210,756	16,522,000
Oil Severance Tax	14,510,149	18,885,901	16,466,000	15,908,000	33,396,050	32,374,000
Interest on Investments	25,869,827	22,306,533	17,660,000	21,717,000	48,176,360	39,377,000
Long-Range Bond Excess	46,168,712	40,713,103	42,551,000	46,757,000	86,881,815	89,308,000
Coal Trust Interest Income	44,830,283	39,961,903	43,103,000	44,188,000	84,792,186	87,291,000
Insurance Premiums Tax	19,446,368	20,438,058	18,518,000	17,885,000	39,884,426	36,403,000
Public Institutions Reimb.	12,284,668	14,140,936	15,497,000	14,334,000	26,425,604	29,831,000
Liquor Profits	3,500,000	7,750,000	5,363,000	4,301,000	11,250,000	9,664,000
Liquor Excise Tax	5,428,076	5,759,437	5,710,000	5,691,000	11,187,513	11,401,000
Inheritance Tax	9,049,129	9,339,854	9,704,000	9,969,000	18,388,983	19,673,000
Metal Mines Tax	3,664,579	4,638,654	4,661,000	4,460,000	8,303,233	9,121,000
Electrical Energy Tax	4,100,543	3,906,194	4,239,000	4,241,000	8,006,737	8,480,000
Drivers' License Tax	0,862,954	0,882,589	1,571,000	1,577,000	1,745,543	3,148,000
Telephone License Tax	3,760,038	3,899,657	4,009,000	4,325,000	7,659,695	8,334,000
Beer License Tax	1,267,950	1,293,102	1,272,000	1,280,000	2,561,052	2,552,000
Natural Gas Severance Tax	1,057,277	1,277,368	1,634,000	1,816,000	2,334,645	3,450,000
Freight Line Tax	1,166,312	1,297,794	1,197,000	1,193,000	2,464,106	2,390,000
Wine Tax	0,832,453	0,805,116	0,785,000	0,766,000	1,637,569	1,551,000
Video Gaming Income Tax	5,302,840	6,551,179	6,971,000	7,448,000	11,854,019	14,419,000
Motor Vehicle Account	6,207,916	7,845,076	7,882,000	8,056,000	14,052,992	15,938,000
Vehicle Fees	2,661,686	2,737,142	2,710,000	2,781,000	5,398,828	5,491,000
Public Contractor's Tax	1,118,458	1,300,905	1,070,000	1,067,000	2,419,363	2,137,000
Other Revenue Sources	16,740,072	16,312,579	23,570,000	22,785,000	33,052,651	46,355,000
<b>Grand Total</b>	<b>\$447,961,774</b>	<b>\$420,256,643</b>	<b>\$473,830,000</b>	<b>\$514,279,000</b>	<b>\$868,218,417</b>	<b>\$988,109,000</b>

### GENERAL FUND REVENUE Total Collections





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## ECONOMIC OVERVIEW

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### Introduction

The budget for the State of Montana for the 1993 biennium depends upon the current and future economic condition of the state, nation, and world. These conditions not only affect tax receipts, they dictate the costs of goods and services purchased by state government. Clearly, economic assumptions were a vital component in formulating the biennial budget.

The key economic variables that affect state government receipts and disbursements are Montana total personal income, Montana employment levels, inflation rates, energy prices, and interest rates.

The Fifty-second Legislature appropriated funds to the Office of Budget and Program Planning

(OBPP) to contract with an economic reporting and forecasting firm. Wharton Econometrics, the firm selected for this purpose, provides short and long-term econometric forecasts to the OBPP and Legislative Fiscal Analyst (LFA). These forecasts were incorporated in the revenue forecasts whenever appropriate.

The economic assumptions used in preparing the revised revenue forecasts for fiscal 1992 and 1993 adopted during the January 1992 special session were based upon the economic assumptions adopted in House Joint Resolution 1, "A Joint Resolution of the Senate and the House of Representatives Establishing an Official Estimate of the State's Anticipated Revenue for Each Year of the 1992-3 Biennium." Adopted in accordance with Section 5-18-107, MCA, House Joint Resolution 1 is contained in Appendix B of Volume II of this report.

## ECONOMIC OVERVIEW

### Personal Income

Montana's total personal income is defined as labor income, transfer payments, dividends, interest and rents, less personal contributions for social security. This variable is critical in budget development because of its impact on state government tax receipts and disbursements. Total personal income not only limits the growth in government disbursements, it also reflects the ability of the people of Montana to purchase food, clothing, automobiles, and other items. Collections of personal income tax, corporate income tax, and many other taxes, such as liquor and insurance, are affected by personal income levels.

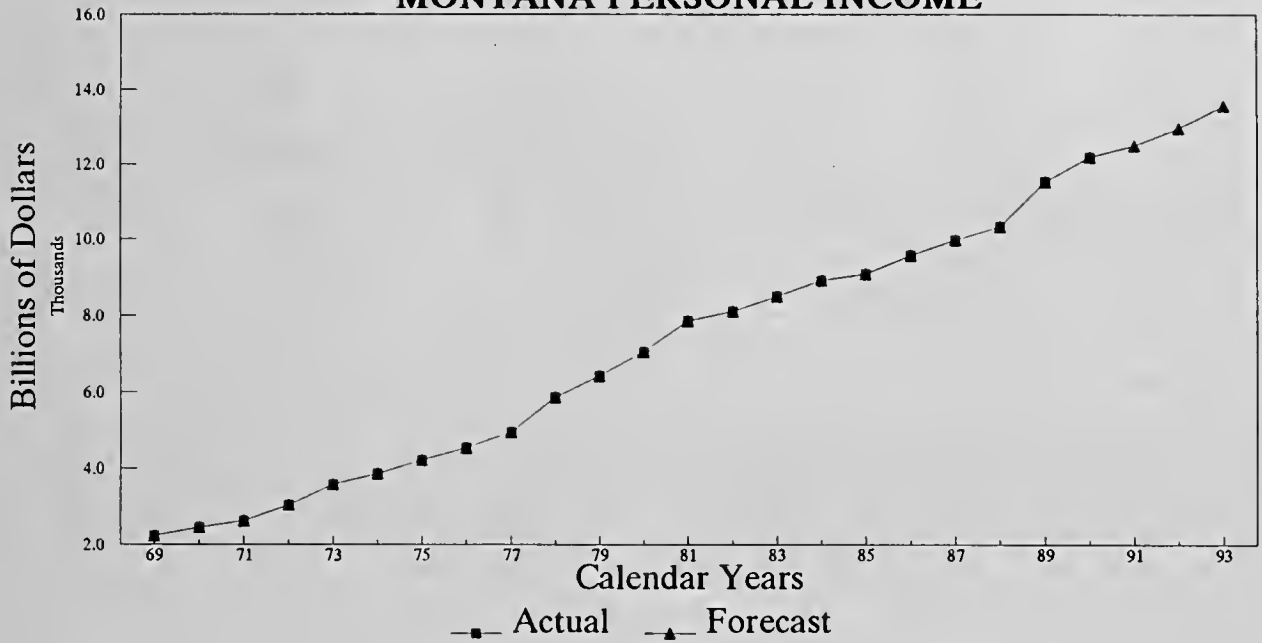
From 1970 to 1990, total personal income has increased 396 percent in Montana versus 465 percent nationally. The state's per capita income for 1990 was \$15,270 compared with the national figure of \$18,691. As shown in the table that follows, Montana's growth in total personal income is expected to continue to lag national income growth. This trend is premised on slow economic growth, the general trend to limit wage concessions, and the continued shift in employment from basic industries to the service sectors.

The following tables summarize personal income statistics for Montana and the United States.

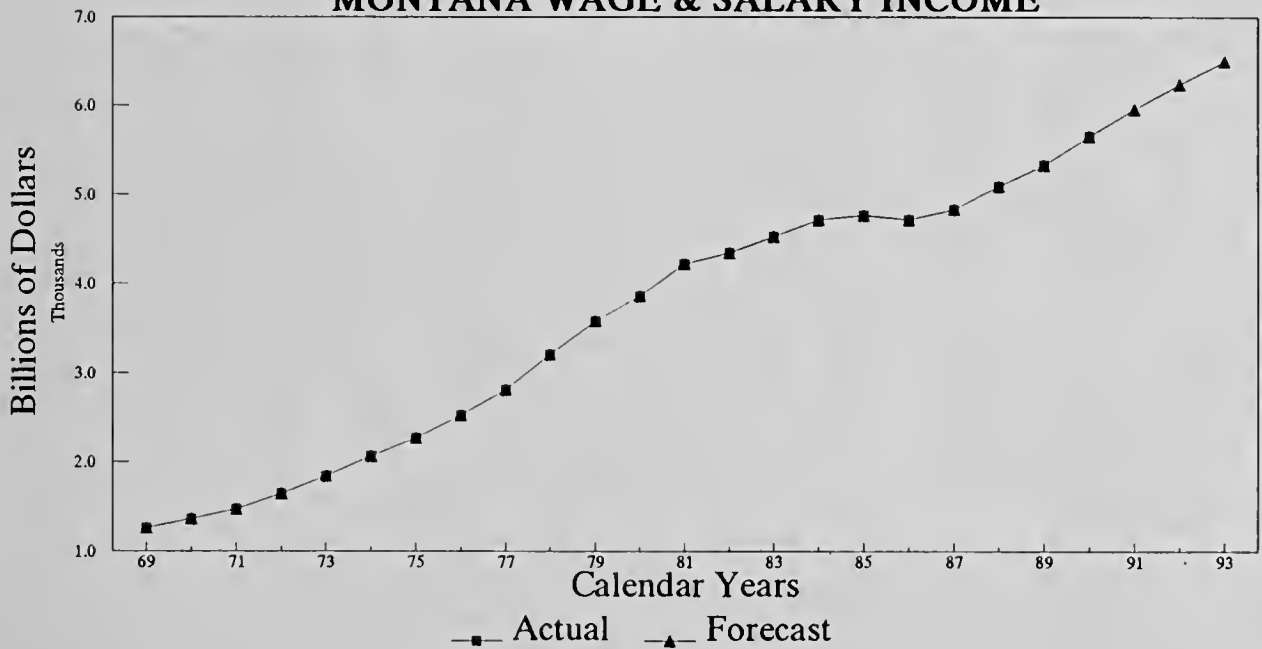
Year	Montana Personal Income	Percent Change	Montana Disposable Income	Percent Change	Montana Wage&Salary Income	Percent Change	US Personal Income	Percent Change
A 69	\$2,226.095		\$1,937.829		\$1,259.333		\$766.522	
A 70	2459.435	10.48%	2140.691	10.47%	1358.985	7.91%	825.534	7.70%
A 71	2613.661	6.27%	2274.760	6.26%	1470.691	8.22%	888.536	7.63%
A 72	3044.809	16.50%	2649.506	16.47%	1640.168	11.52%	976.181	9.86%
A 73	3580.328	17.59%	3114.880	17.56%	1837.878	12.05%	1095.289	12.20%
A 74	3866.476	7.99%	3363.510	7.98%	2065.305	12.37%	1204.899	10.01%
A 75	4221.699	9.19%	3672.128	9.18%	2266.550	9.74%	1308.482	8.60%
A 76	4543.154	7.61%	3951.381	7.60%	2518.970	11.14%	1447.002	10.59%
A 77	4951.869	9.00%	4306.403	8.98%	2805.484	11.37%	1602.863	10.77%
A 78	5859.822	18.34%	5094.953	18.31%	3209.329	14.39%	1806.968	12.73%
A 79	6428.461	9.70%	5588.733	9.69%	3583.736	11.67%	2028.510	12.26%
A 80	7039.551	9.51%	6119.316	9.49%	3858.892	7.68%	2254.076	11.12%
A 81	7858.105	11.63%	6829.943	11.61%	4220.470	9.37%	2514.231	11.54%
A 82	8118.020	3.31%	7055.569	3.30%	4340.394	2.84%	2663.432	5.93%
A 83	8503.906	4.75%	7390.530	4.75%	4521.138	4.16%	2834.385	6.42%
A 84	8922.334	4.92%	7753.718	4.91%	4714.358	4.27%	3101.163	9.41%
A 85	9092.290	1.90%	7901.231	1.90%	4764.534	1.06%	3317.545	6.98%
A 86	9587.581	5.45%	8331.098	5.44%	4711.331	-1.12%	3519.364	6.08%
A 87	9985.905	4.15%	8676.787	4.15%	4830.595	2.53%	3754.577	6.68%
A 88	10334.830	3.49%	8979.590	3.49%	5088.474	5.34%	4058.796	8.10%
A 89	11548.176	11.74%	10032.459	11.73%	5329.730	4.74%	4376.369	7.82%
A 90	12204.918	5.69%	10602.282	5.68%	5649.415	6.00%	4662.698	6.54%
F 91	12503.650	2.45%	10861.465	2.44%	5958.679	5.47%	4801.700	2.98%
F 92	12969.093	3.72%	11265.273	3.72%	6228.957	4.54%	4995.400	4.03%
F 93	13586.009	4.76%	11800.468	4.75%	6496.888	4.30%	5291.300	5.92%

## ECONOMIC OVERVIEW

### MONTANA PERSONAL INCOME



### MONTANA WAGE & SALARY INCOME



## ECONOMIC OVERVIEW

### Employment

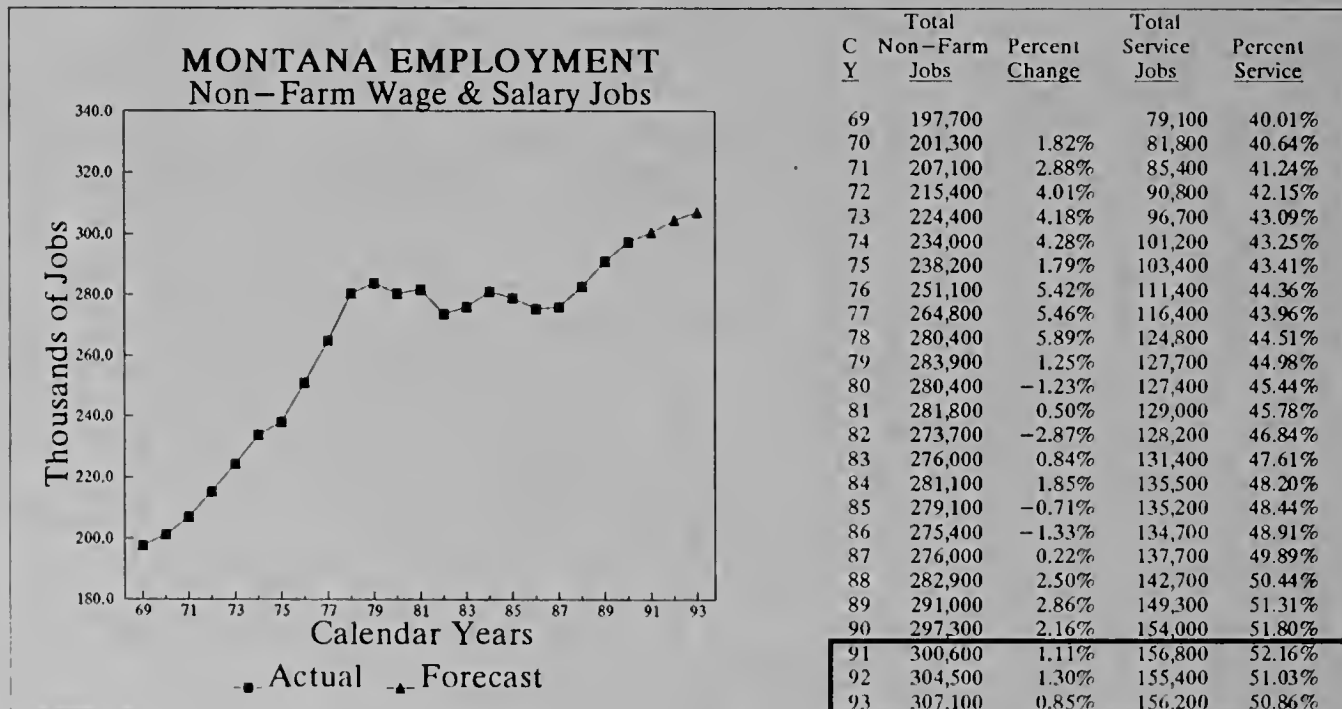
Total state employment measures the ability of the state's economic base to provide jobs for its residents.

When forecasting state revenues, nonfarm wage and salary employment is used as a proxy for employment levels. Even though this statistic does not include all employment, it does provide a consistent indicator of the relevant labor market.

Employment levels in the state affect total personal income and are also indicative of the state's business activity. The relationship among personal income, consumer spending, and, ultimately, corporate profits explains why personal income, corporate income, and sumptuary taxes are affected by changes in this variable.

From 1970 to 1990, nonfarm wage and salary employment grew by about 48 percent or 96,000 jobs. Almost all of this increase was in the wholesale/retail trade and service sectors. Traditionally, these jobs have been at the lower end of the pay scale. In the 1980's, the manufacturing, mining, construction, and transportation sectors experienced decreased employment. These jobs tended to have higher than average salaries.

The table below provides historical and forecast values for nonfarm wage and salary employment. Employment is expected to increase at about one-half the 1.96 percent annual historical rate observed since 1970. Most of the growth is expected in the services sector, offsetting declines in some of the basic industries.



## ECONOMIC OVERVIEW

### Inflation

Inflation indices measure the rate of price escalation and/or decrease for goods and services. The most commonly used statistic is the Consumer Price Index (CPI) which is based on prices of food or clothing, shelter, fuel, drugs, transportation fares, doctor and dentist fees, and other items.

During high inflationary periods, consumption of goods and services may decline. This not only decreases employment levels but may discourage business activity because of higher operating costs. Low inflation may result in higher consumption, increased employment, and greater business opportunities.

Inflation rates have an impact on most revenue sources. The sources that are especially affected include personal income taxes,

public institution reimbursements, and corporation taxes.

An annual inflation rate of 4.5 percent is expected during calendar year 1991, due primarily to higher energy prices. However, this rate is forecast to decline to a more moderate rate during calendar years 1992 and 1993 of roughly 3.8 to 4.1 percent. This outlook anticipates: 1) wage negotiations will be sensitive to the need for reasonable compensation because of a highly competitive world market; 2) oil prices and related energy prices will decline; and 3) food prices will be relatively stable throughout the forecast period.

The table below lists two measures of inflation as published by Wharton Econometrics. These national averages are provided because indices for Montana are not available.



C Y	US CP Index	Percent Change	US GNP Deflator	Percent Change
69	36.70		39.80	
70	38.80	5.72%	42.00	5.53%
71	40.50	4.38%	44.40	5.71%
72	41.80	3.21%	46.50	4.73%
73	44.40	6.22%	49.60	6.67%
74	49.30	11.04%	54.00	8.87%
75	53.80	9.13%	59.30	9.81%
76	56.90	5.76%	63.00	6.24%
77	60.60	6.50%	67.30	6.83%
78	65.20	7.59%	72.20	7.28%
79	72.60	11.35%	78.60	8.86%
80	82.40	13.50%	85.70	9.03%
81	90.90	10.32%	94.00	9.68%
82	96.50	6.16%	100.00	6.38%
83	99.60	3.21%	103.90	3.90%
84	103.90	4.32%	107.70	3.66%
85	107.60	3.56%	110.90	2.97%
86	109.60	1.86%	113.80	2.61%
87	113.60	3.65%	117.40	3.16%
88	118.30	4.14%	121.30	3.32%
89	124.00	4.82%	126.30	4.12%
90	130.70	5.40%	131.60	4.20%
91	136.10	4.13%	137.50	4.48%
92	140.86	3.50%	142.80	3.85%
93	146.49	4.00%	148.60	4.06%

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## ECONOMIC OVERVIEW

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### Energy Prices

Montana has a vast potential for oil, coal, and natural gas exploration and extraction. Because of this potential and our current level of natural resource taxation, energy prices play a critical role in the budgetary process. Oil, coal, and natural gas severance taxes are directly affected by energy prices.

#### Oil

Oil well-head prices are expected to average slightly above \$18.00 per barrel during calendar year 1991 and decline to \$18.00 per barrel during calendar years 1992 and 1993 due to market stability and an oversupply in world markets.

#### Natural Gas

Under the Natural Gas Policy Act of 1978, prices for all new gas were deregulated on January 1, 1985. As was anticipated, prices decreased even with deregulation, due to contract renegotiations, lower import prices primarily from Canada, and the competitive prices of other fuels. Average natural gas well-head prices are expected to increase throughout the forecast period. By calendar 1992, natural gas surpluses are expected to begin diminishing and world oil prices are

expected to be higher. With a more limited supply and more competitively priced fuels, well-head prices should begin to rise.

#### Coal

The coal industry in the United States and Montana is heavily dependent upon demand for electrical power. Slow economic growth at both the state and national levels, combined with energy conservation, may contribute to slower electrical usage growth.

With low demand and the competitive prices of other fuels, coal prices have remained soft. These conditions, in conjunction with royalty deductions approved by the Forty-eighth Legislature, have caused coal prices to decrease since calendar 1983.

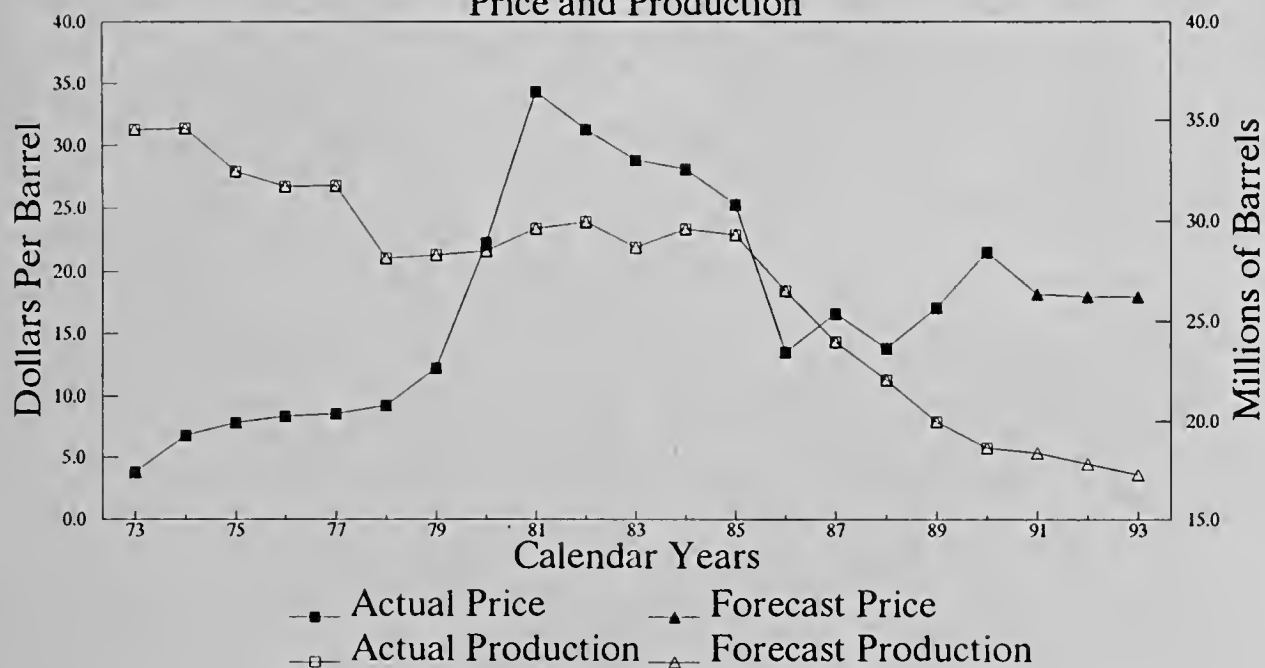
Since most of Montana's coal is sold to utilities under long-term contracts, prices generally increase by inflation indices specified in the contracts. Because of the soft market, it is assumed coal companies will hold prices relatively constant to maintain competitiveness with other fuels.

The following tables provide historical and projected energy prices for oil, coal, and natural gas. Historical data reflects data reported on tax returns, while projections are those contained in HJR 1.

## ECONOMIC OVERVIEW

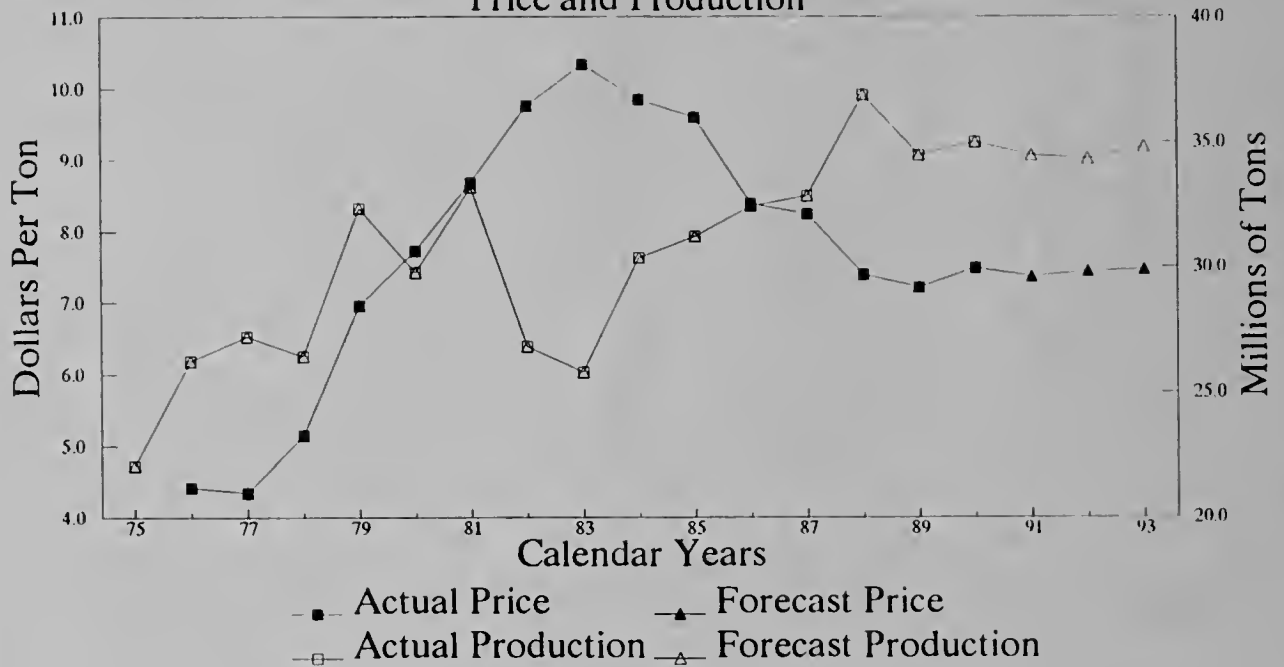
Year	Montana Oil Price	Montana Oil Production	Percent Change	Montana Coal Price	Montana Coal Production	Percent Change	Montana Natural Gas Price	Montana Natural Gas Production	Percent Change
A 73	\$3.843	34.558							
A 74	6.814	34.629	77.31%						
A 75	7.845	32.460	15.13%		22.076				
A 76	8.411	31.698	7.21%	\$4.415	26.226				
A 77	8.582	31.725	2.03%	4.344	27.205	-1.61%			
A 78	9.253	28.164	7.82%	5.154	26.418	18.65%			
A 79	12.279	28.337	32.70%	6.951	32.350	34.87%			
A 80	22.250	28.539	81.20%	7.724	29.752	11.12%			
A 81	34.317	29.639	54.23%	8.686	33.188	12.45%			
A 82	31.311	29.944	-8.76%	9.758	26.815	12.34%	\$2.067	44.655	
A 83	28.804	28.695	-8.01%	10.332	25.785	5.88%	2.287	43.456	10.66%
A 84	28.066	29.602	-2.56%	9.846	30.359	-4.70%	2.355	44.079	2.96%
A 85	25.243	29.318	-10.06%	9.592	31.213	-2.58%	2.175	44.330	-7.63%
A 86	13.518	26.525	-46.45%	8.387	32.416	-12.56%	1.919	39.444	-11.78%
A 87	16.631	23.961	23.03%	8.240	32.847	-1.75%	1.438	39.690	-25.05%
A 88	13.843	22.064	-16.76%	7.385	36.879	-10.38%	1.503	45.126	4.52%
A 89	17.098	19.957	23.51%	7.209	34.469	-2.38%	1.659	45.595	10.37%
A 90	21.561	18.613	26.10%	7.484	34.984	3.81%	1.640	44.989	-1.14%
F 91	18.200	18.358	-15.59%	7.564	35.182	1.07%	1.773	45.622	8.12%
F 92	18.000	17.807	-1.10%	7.540	34.515	-0.32%	1.907	47.304	7.53%
F 93	18.000	17.273	0.00%	7.530	34.375	-0.13%	2.097	47.437	10.00%

### MONTANA OIL STATISTICS Price and Production

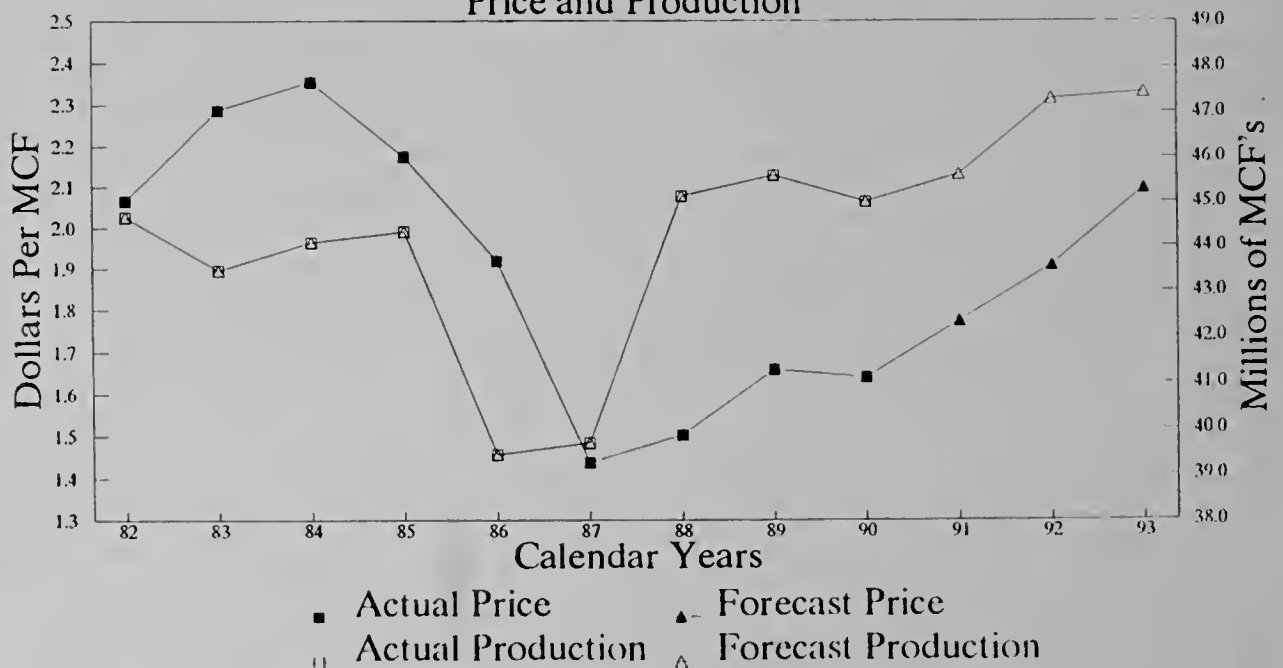


## ECONOMIC OVERVIEW

### MONTANA COAL STATISTICS Price and Production



### MONTANA NATURAL GAS STATISTICS Price and Production





## ECONOMIC OVERVIEW

### Interest Rates

Interest rates are highly susceptible to federal policies and the actions of the Federal Reserve Board. Critical factors affecting interest rates include: the Federal Reserve's philosophy on monetary policy, the federal deficit, and changes in the value of the dollar.

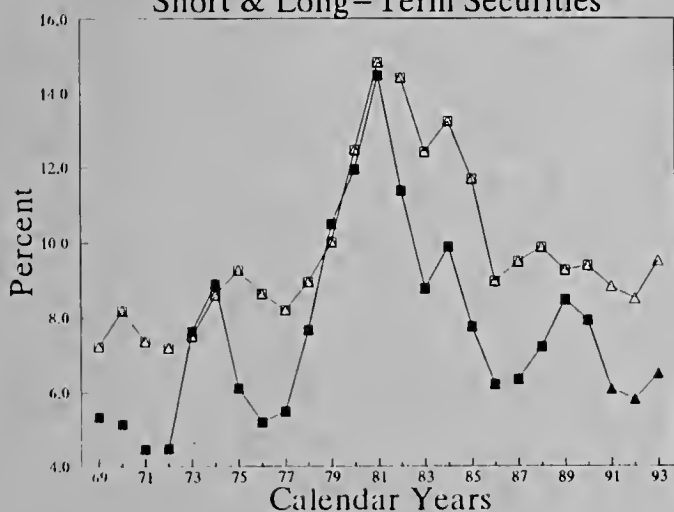
Interest rates are declined sharply in calendar 1991 and are expected to remain at low levels in calendar 1992, increasing slightly in 1993. This assumption is based on the current national recession and the efforts

by the Federal Reserve to stimulate the national economy.

Interest rates directly affect Montana's investment earnings from both short and long-term securities. In addition, these rates impact other tax sources by influencing economic variables such as construction activity, consumer spending, and business borrowing.

The following table provides historical interest rates as provided by Wharton Econometrics. Also presented in the table are the projected interest rates adopted in HJR 1.

**AVERAGE INTEREST RATES**  
Short & Long-Term Securities



C Y	Average Short Rates	Percent Change	Average Long Rates	Percent Change
69	5.34		7.22	
70	5.15	-3.56%	8.20	13.57%
71	4.47	-13.20%	7.37	-10.12%
72	4.49	0.45%	7.19	-2.44%
73	7.64	70.16%	7.50	4.31%
74	8.91	16.62%	8.60	14.67%
75	6.11	-31.43%	9.27	7.79%
76	5.21	-14.73%	8.64	-6.80%
77	5.49	5.37%	8.22	-4.86%
78	7.68	39.89%	8.95	8.88%
79	10.50	36.72%	10.00	11.73%
80	11.94	13.71%	12.46	24.60%
81	14.48	21.27%	14.84	19.10%
82	11.37	-21.48%	14.42	-2.83%
83	8.78	-22.78%	12.42	-13.87%
84	9.89	12.64%	13.25	6.68%
85	7.77	-21.44%	11.69	-11.77%
86	6.23	-19.82%	8.98	-23.18%
87	6.37	2.25%	9.49	5.68%
88	7.23	13.50%	9.87	4.00%
89	8.48	17.29%	9.27	-6.08%
90	7.93	-6.49%	9.38	1.19%
91	6.08	-23.33%	8.84	-5.76%
92	5.80	-4.61%	8.50	-3.85%
93	6.50	12.07%	9.50	11.76%

# ECONOMIC ASSUMPTIONS

YEAR	ASSUMPTION	CY/FY 1991	CY/FY 1992	CY/FY 1993
	MT Population July 1 (Thousands)	800	804	808
	MT Population ≥ 16 July 1 (Thousands)	609	613	617
	MT Population 18-24 July 1 (Thousands)	67	64	61
CY	MT Nonfarm Employment (Thousands)	300.800	304.500	307.100
CY	Interest & Dividend Income (Percent change)	5.570%	4.440%	4.300%
CY	Net Business Income (Percent change)	5.570%	4.400%	4.300%
CY	Capital Gains/Losses Income (Percent change)	0.300%	0.300%	0.300%
CY	Rent/Royalty/Partnership Income (Percent change)	14.000%	12.000%	10.000%
CY	Other Nonwage & Salary Income (Percent change)	5.570%	4.440%	4.300%
CY	MT Personal Income (Billions)	\$12.506	\$12.969	\$13.586
CY	MT Nonfarm Wage & Salary Income (Billions)	\$5.964	\$6.229	\$6.497
CY	U.S. Corporate Profits Before Taxes (Billions)	\$282.000	\$310.900	\$349.300
CY	CPI Percent Change	4.13%	3.50%	4.00%
FY	Short-Term Interest Rate	6.08%	5.80%	6.50%
FY	Long-Term Interest Rate	8.84%	8.50%	9.50%
CY	Prime Interest Rate	9.81%	10.00%	10.00%
FY	Treasury Cash Average Balance (Millions)	\$273.426	\$239.636	\$211.601
FY	TRANS Issue (Millions)	\$0.000	\$85.000	\$145.000
FY	Basis Points (Percentage)	0.000%	1.000%	1.000%
FY	Individual Income Tax Audits (Millions)	\$11.266	\$14.077	\$16.397
FY	Legislative Audits (Millions)	\$0.000	\$0.750	\$0.750
FY	Corporation Tax Audits (Millions)	\$8.109	\$10.155	\$13.257
CY	Total Oil Production (Million Barrels)	18.358	17.807	17.273
CY	Montana Oil Price (\$/Barrel)	\$18.200	\$18.000	\$18.000
FY	Statewide Taxable Valuation (Millions)	\$1,564.317	\$1,572.956	\$1,601.896
CY	Total Coal Production (Million Tons)	35.182	34.515	34.375
CY	Montana Coal Price (CSP/Ton)	\$7.564	\$7.540	\$7.530
FY	Coal Tax Credits (Millions)	\$4.996	\$2.449	\$0.000
CY	Total Natural Gas Production (Million MCF)	45.622	47.304	47.437
CY	Montana Natural Gas Price (\$/MCF)	\$1.773	\$1.907	\$2.097
CY	Copper Production (Million lbs)	135.762	137.863	130.776
CY	Gold Production (Million ozs)	0.348	0.345	0.347
CY	Silver Production (Million ozs)	6.449	6.454	6.457
CY	Lead Production (Million lbs)	11.665	11.674	11.739
CY	Zinc Production (Million lbs)	32.029	32.421	32.602
CY	Molybdenum Production (Million lbs)	14.100	10.900	9.300
CY	Palladium Production (Million ozs)	0.200	0.222	0.290
CY	Platinum Production (Million ozs)	0.061	0.067	0.088
CY	Copper Price	\$1.046	\$1.038	\$1.042
CY	Gold Price	\$400.675	400.675	\$400.675
CY	Silver Price	\$4.775	\$4.775	\$4.775
CY	Lead Price	\$0.209	\$0.209	\$0.209
CY	Zinc Price	\$0.502	\$0.502	\$0.502
CY	Molybdenum Price	\$3.119	\$3.112	\$3.115
CY	Palladium Price	\$132.725	\$132.725	\$132.725
CY	Platinum Price	\$453.253	\$453.253	\$453.253
FY	Forest Receipts (Millions)	\$11.150	\$7.753	\$7.705
FY	Permanent Trust Gains/Losses (Millions)	\$1.195	\$1.195	\$1.195
FY	Common School Trust Gains/Losses (Millions)	\$1.231	\$1.231	\$1.231
FY	Resource Ind. Trust Gains/Losses (Millions)	\$0.339	\$0.339	\$0.339
FY	Park Acq. Trust Gains/Losses (Millions)	\$0.054	\$0.054	\$0.054
FY	Liquor Unit Sales (Millions)	4.780	4.680	4.582
FY	Wine Unit Sales (Millions)	0.100	0.083	0.067
FY	Liquor Cost Per Unit	\$4.977	\$5.066	\$5.156
FY	Wine Cost Per Unit	\$3.258	\$3.372	\$3.483
FY	Liquor Division Budget (% Change)	0.00%	0.00%	0.00%
FY	Cigarette Packs (Millions)	68.874	68.068	67.156
FY	Tobacco Value (Millions)	\$7.626	\$8.053	\$8.490
FY	Insurance Premiums Growth (% Change)	1.89%	1.89%	1.89%
FY	Insurance Premiums Tax Credit	\$3.231	\$4.311	\$5.391
FY	Police & Firemen Retirement (Millions)	\$6.213	\$6.391	\$6.479
CY	Telephone Taxable Income (Millions)	\$234.185	\$241.724	\$250.770
CY	Kilowatt Hours Produced (Millions)	22,664.000	22,682.000	22,663.000
FY	Barrels of Beer (Millions)	0.702	0.706	0.711
CY	Freight Line Earnings (Millions)	\$21.757	\$21.768	\$21.699
FY	Liters of Wine (Millions)	5.036	4.907	4.785
FY	Video Machine Net Income (Millions)	\$126.079	\$139.382	\$150.333
FY	Statewide Vehicle Value (Millions)	\$1905.049	\$1935.412	\$1986.326
FY	Per Capita Lottery Sales	\$27.000	\$32.700	\$35.400

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## SCHOOL FOUNDATION PROGRAM

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### SEA Deficit

During the January 1992 special session, the legislature appropriated \$24.1 million general fund to the school equalization account (SEA) to fund the foundation schedules and guaranteed tax base (GTB) payments authorized by statute and the other appropriations from the account approved during the 1991 legislature. It also approved several measures that will increase "one-time" revenue and fund balances deposited in the SEA during fiscal 1993 by \$16.1 million:

1) House Bill 14 will accelerate collection of estimated personal income tax collections, resulting in an additional \$9.2 being deposited in the SEA;

2) House Bill 3 will divert 95 percent of the revenue realized from state timber sales prior to June 30, 1993, to the SEA, increasing revenues by an anticipated \$4.8 million. Beginning in fiscal 1994, state timber sale revenues will again be deposited in the common school trust;

3) House Bill 2 reduced Coal Board appropriations from the local impact account, resulting in an anticipated reversion of \$2.1 million to the SEA.

The new school equalization program enacted during the 1989 special session was designed to be funded entirely from the SEA. However, expenditures have been higher than expected and revenues lower:

1) GTB costs have been more than \$17 million per year higher than anticipated, and the 1991 legislature funded \$7.8 million of increased transportation and \$0.3 million of telecommunication costs from the account.

2) fiscal 1991 revenues were \$22.8 million less than anticipated and HJR 1 revenues for the 1993 biennium are projected to be \$6.3 million less than anticipated during the 1991 session.

As Table 1 shows, expenditures from the SEA were \$25.1 million higher than revenues in fiscal 1991 and are projected to be \$35.3 million less than expenditures during the 1993 biennium. As a result of this structural imbalance between revenues and expenditures, the SEA has had an outstanding loan from the general fund since November 1990. Even with the \$24.1 million general fund supplemental, the Department of Administration anticipates that the SEA will carry a substantial loan balance into the 1995 biennium.

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Table 1  
Structural Imbalance in SEA  
1991-1993 (Millions)

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<u>Fiscal</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Difference</u>
1991	\$366.36	\$391.50	\$25.14
1992*	376.98	397.76	20.78
1993*	383.94	398.51	14.57
<u>*Projected</u>			

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### Longterm Problem

Based on historical revenue growth, the SEA will need over \$25 million in additional revenue during the 1995 biennium to support the current school equalization program (with no schedule increases). As Table 1 shows, existing revenue sources are inadequate to maintain current expenditure levels. When the fiscal 1993 "one-time" revenues are removed, the "gap" between expenditures and revenue is widening: from \$20.8 million in fiscal 1992 to \$27.1 million in fiscal 1993. While school enrollment is expected to remain relatively static, the costs of the GTB may continue to increase even if current foundation schedules are maintained. Between fiscal 1991 and 1992, the GTB cost for retirement mill levies increased 10.1 percent (\$1.2 million).

The long-term growth prospects for existing SEA revenue sources are not good. While the 1989 special session increased the SEA's share of existing revenue sources (lottery, income tax, coal trust interest) to fund the new school equalization program, the 40 mill statewide levy was the only new state

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## SCHOOL FOUNDATION PROGRAM

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revenue source enacted. Because the statewide property tax base is relatively static, this new revenue source is unlikely to keep pace with inflation.

### Cashflow Problem

In addition to having a fund balance deficit at the end of the biennium, the SEA has a serious cashflow problem within each fiscal year. Under current law, 20 percent of the estimated annual state foundation and GTB payments are made in July and 7 percent each month thereafter, with any remainder paid in June. As a result, approximately 47 percent of annual disbursements from the account are made in the first five months of the year, while less than 25 percent of the account's revenue is received during this period. In order to meet the payment schedule, the SEA must receive large general fund loans: \$62.7 million in November 1990 and \$74.0 million in November 1991. These large loans significantly impact the general fund cashflow.

### 1991 Schedules Continued

School foundation schedules will remain at the fiscal 1991 level throughout the 1993 biennium. Although both houses of the legislature approved a 2 percent per year increase in foundation schedules during the regular legislative session, this increase was contingent on the passage of House Bill 1007, which imposed a 5 percent income tax surtax to fund the foundation increase and several appropriations to the university system. Since House Bill 1007 was vetoed, no foundation program increase was enacted by the 1991 legislature.

Support for Montana's elementary and high schools will continue to be the state's single largest expenditure during the 1993 biennium. For the

biennium, state funds distributed to school districts will total \$880.78 million, which is equal to 98 percent of the general fund appropriated in House Bill 2 for the operation of all of state government. Table 2 shows state support for K-12 education during the 1993 biennium, as approved during the 1991 regular and 1992 special sessions.

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Table 2  
State Support for K-12 Education  
1993 Biennium

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<u>Program</u>	<u>State Support</u>
Foundation	\$694.22
Guaranteed Tax Base	93.94
Transportation	20.80
Special Education	67.21
Other	<u>4.61</u>
<u>Total</u>	<u>\$880.78</u>

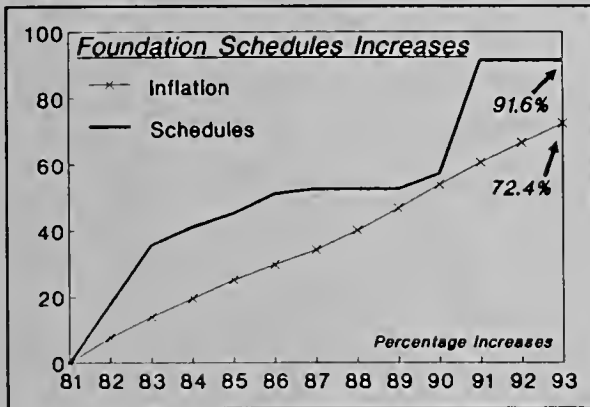
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State support for K-12 education increased substantially in fiscal 1991, when the new school equalization bill passed during the June 1989 special session went into effect. This bill increased foundation schedules by 14 to 24 percent and provided state guaranteed tax base support for a portion of permissive and retirement costs. While annual state support for K-12 expenditures in the 1993 biennium will be only 1.4 percent above fiscal 1991 budgets, this is more than \$100 million above fiscal 1990 state support expenditures.

During the period 1981 through 1991, foundation schedule increases (91.58 percent) exceeded the rate of inflation, as the graph on the following page shows. Based on anticipated inflation rates, foundation schedule increases for the period 1981 through 1993 will still exceed inflation (72.4 percent), despite

## SCHOOL FOUNDATION PROGRAM

the "zero/zero" increase for the 1993 biennium. This is due to the large increases in the 1983 biennium and in fiscal 1991.



As Table 3 shows, schedule increases in most years during this period have been less than the inflation rate.

Table 3  
Historical Percentage Changes  
Foundation Schedules & Inflation

Fiscal Year	Inflation % Change	% Change Schedules
1982	7.68	18.00
1983	5.84	15.00
1984	4.84	4.00
1985	4.75	3.00
1986	3.74	4.00
1987	3.43	1.00
1988	4.31	0.00
1989	4.81	0.00
1990	4.78	3.00
1991	4.42	21.82
1992	3.71	0.00
1993	3.51	0.00

The schedule increase in fiscal 1991 was primarily a reallocation between state and local school district support. Data compiled by the Office of Public Instruction (OPI) shows that statewide school districts increased their general fund budgets by less than 5 percent between fiscal 1990 and 1991, despite the large increase in state support.

## Other Legislation

The 1991 legislature provided increased funding for local school districts in several areas:

1) Transportation - Senate Bill 82 increases the reimbursement rates for on-schedule transportation costs by 6.25 percent and increases the state share of the transportation reimbursement for special education children. It also provides the same method to fund both elementary and high school on-schedule transportation costs: one-half the cost is paid by the state and one-half by the county. In House Bill 2, the general fund appropriation for transportation was increased to reflect historical payment levels, including supplemental appropriations.

2) Out-of-District Placements - House Bill 999 makes OPI, rather than local school districts, responsible for the costs of most out-of-district placements. The cost of certain out-of-state placements will be paid from the county equalization tax. The bill, which also contains measures for controlling costs of such placements, appropriates \$2.27 million to OPI to fund educational programs for children with disabilities who are placed in an in-state psychiatric hospital or residential facility. The bill is anticipated to increase equalization costs by \$0.8 million during the biennium.

3) Guaranteed Tax Base Support - Senate Bill 17 allows districts to use unreserved fund balances derived from Public Law (P.L.) 81-874 funds, bonus payments, or tax settlements and delinquent tax payments to reduce either the permissive levy or the voted levy. Under current law, districts must use these reserves to reduce the permissive levy, which also reduces the state payment for guaranteed tax base support in eligible districts. The Office of Budget and Program Planning estimates that guaranteed tax base payments will increase \$2.88 million during the biennium as a result of this change.

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## SCHOOL FOUNDATION PROGRAM

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4) Telecommunications - House Bill 30 appropriates \$300,000 of general fund and spending authority for \$150,000 in matching funds to the Department of Administration to be used for development and implementation of the Montana educational telecommunication network. In addition, the bill appropriates \$1 per student (ANB) per year to OPI for participation in the network.

5) Gifted and Talented - During the 1991 session, the legislature increased funding for this program from \$200,000 for the biennium to \$600,000. During the 1992 special session, the appropriation was decreased by \$48,000 for the biennium.

6) Construction bond guarantees - During the January 1992 special session, the legislature enacted Senate Bill 5 which provides up to \$25 million in loan guarantees for school construction bonds that are certified by the Department of Administration as meeting certain criteria. If a school district is unable to levy property tax to service bond debt due to litigation, it will receive a loan from the contingency fund (which is within the permanent coal tax trust fund) to pay bond interest and principal. Any loans must be repaid to the trust with interest.

Two bills passed by the 1991 legislature revised the calculation procedures used in determining state support payments. House Bill 462 provides for a phase-in over five years of the aggregation of ANB when school buildings are located within three miles of the city limits and within three miles of other schools. This change is anticipated to reduce state equalization costs by \$1.5 million during the 1993 biennium. House Bill

580 eliminates the requirement that non-tax revenues be included in the guaranteed tax base calculation. Instead, taxable value divided by ANB will be the basis of the calculation. However, in order to compensate for the loss of this nontax revenue in the calculation, the statewide taxable value will be multiplied by 121 percent when setting the state guaranteed tax base per ANB. OPI calculates that this adjustment should keep the guaranteed tax calculation revenue-neutral. Two bills passed during the 1991 regular session also impacted the revenues flowing into the school equalization account.

Senate Bill 17 earmarked 28.5 percent of the income tax and corporation tax collections to the school equalization account, beginning in fiscal 1992. Historically, between 25 and 41 percent of the income tax and 25 to 28.5 percent of the corporation tax have been earmarked to the school equalization account. However, the new school equalization bill passed during the June 1989 special session ended the allocation of both these tax sources to the account beginning in fiscal 1992. Senate Bill 17 restores the traditional allocation of these tax sources to the account.

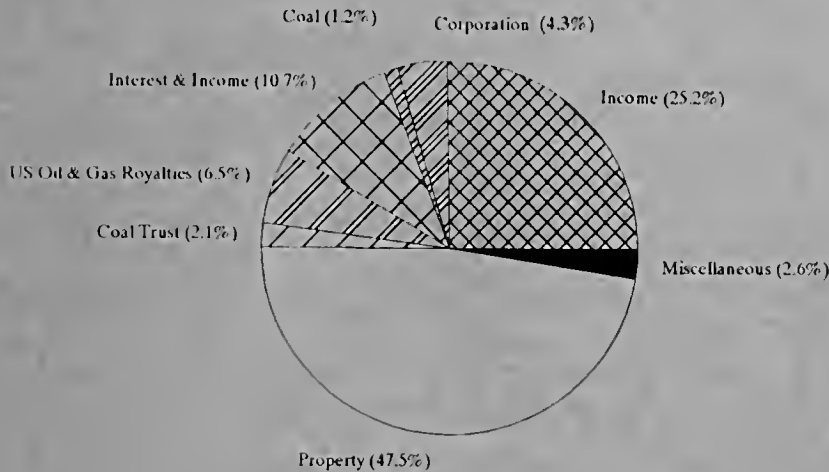
Senate Bill 37 allocated 1.6 percent of net revenue from lottery sales in fiscal 1992 and up to 9.1 percent in fiscal 1993 and beyond (up to \$1 million per fiscal year) for youth detention services. The remainder is deposited in the school equalization account.

As discussed above, several bills passed during the January 1992 special session provided \$16.1 million "one-time" increases in revenue and fund balances to the SEA during the 1993 biennium.



## SCHOOL FOUNDATION PROGRAM

### Foundation Program Revenue Analysis Contribution By Major Component FY 92-93



Source of Revenue	Actual Fiscal 1990	Actual Fiscal 1991	Estimated Fiscal 1992	Estimated Fiscal 1993	Actual FY 90-91	Estimated FY 92-93
<b>State Revenue</b>						
Income Tax	92,787,255	115,933,687	90,349,000	101,705,000	208,720,942	192,054,000
Corporation Tax	18,844,917	17,841,428	15,193,000	17,376,000	36,686,345	32,569,000
Coal Tax	2,579,080	5,752,194	4,508,000	4,344,000	8,331,274	8,852,000
Interest & Income	34,706,901	35,865,505	39,473,000	42,003,000	70,572,406	81,476,000
US Oil & Gas Royalties	20,240,644	21,928,394	25,005,000	24,395,000	42,169,038	49,400,000
Education Trust Interest	0,713,114	0,176,629	0,054,000	0,055,000	0,889,743	0,109,000
SEA Interest	0,000,000	0,141,131	0,290,000	0,000,000	0,141,131	0,290,000
Permanent Trust Interest	0,000,000	7,037,487	7,606,000	7,798,000	7,037,487	15,404,000
Lottery	0,000,000	4,200,337	5,025,000	5,048,000	4,200,337	10,073,000
Statewide 40 Mills	0,000,000	56,993,456	63,003,000	64,161,000	56,993,456	127,164,000
Miscellaneous	0,142,422	0,000,000	14,937,000	8,838,000	0,142,422	23,775,000
County Levy Surplus	7,895,392	0,000,000	0,000,000	0,000,000	7,895,392	0,000,000
<b>Total State</b>	<b>\$177,909,725</b>	<b>\$265,870,248</b>	<b>\$265,443,000</b>	<b>\$275,723,000</b>	<b>\$443,779,973</b>	<b>\$541,166,000</b>
<b>Statewide Taxable Valuation</b>	<b>\$1,884,550,412</b>	<b>\$1,564,317,000</b>	<b>\$1,572,956,000</b>	<b>\$1,601,896,000</b>		
<b>County Revenue</b>						
45/55 Mills	76,909,377	84,872,114	86,513,000	88,104,000	161,781,491	174,617,000
Elementary Transportation	(3,741,193)	(3,904,760)	0,000,000	0,000,000	-7,645,953	0,000,000
Cash Reappropriated	4,173,075	6,268,808	6,718,000	1,119,000	10,441,883	7,837,000
Forest Funds	1,627,284	1,523,490	1,744,000	1,409,000	3,150,774	3,153,000
Taylor Grazing	0,117,160	0,117,535	0,119,000	0,114,000	0,234,695	0,233,000
Miscellaneous	5,490,026	12,625,835	17,439,000	18,374,000	18,115,861	35,813,000
High School Tuition	(0,891,867)	(1,011,436)	-0,993,000	-0,899,000	-1,903,303	-1,892,000
<b>Total County</b>	<b>\$83,683,862</b>	<b>\$100,491,586</b>	<b>\$111,540,000</b>	<b>\$108,221,000</b>	<b>\$184,175,448</b>	<b>\$219,761,000</b>
<b>District Revenue</b>						
Permissive Levy	16,960,954	0,000,000	0,000,000	0,000,000	16,960,954	0,000,000
Light Vehicle Replacement	1,409,535	0,000,000	0,000,000	0,000,000	1,409,535	0,000,000
<b>Total District</b>	<b>\$18,370,489</b>	<b>\$0,000,000</b>	<b>\$0,000,000</b>	<b>\$0,000,000</b>	<b>\$18,370,489</b>	<b>\$0,000,000</b>
<b>Total State, County, District</b>	<b>\$279,964,076</b>	<b>\$366,361,834</b>	<b>\$376,983,000</b>	<b>\$383,944,000</b>	<b>\$646,325,910</b>	<b>\$760,927,000</b>

## Estimated School Equalization Fund Balance In Millions

	Actual Fiscal 1990	Actual Fiscal 1991	Estimated Fiscal 1992	Estimated Fiscal 1993	Actual FY 90-91	Estimated FY 92-93
Beginning Fund Balance	\$15.309	\$20.592	\$9.482	(\$11.291)	\$15.309	\$9.482
Receipts						
Estimated Receipts	279.964	366.361	376.983	383.944	646.325	760.927
Education Trust Transfer						
Total Available	\$295.273	\$386.953	\$386.465	\$372.653	\$661.634	\$770.409
Disbursements						
Current Level Schedules	287.393	346.900	347.200	347.016	634.293	694.216
Guaranteed Tax Base		44.600	46.500	47.436	44.600	93.936
Transportation Costs			3.908	3.913		7.821
Telecommunications Network			0.148	0.149		0.297
Anticipated Disbursements	\$287.393	\$391.500	\$397.756	\$398.514	\$678.893	\$796.270
Adjustments	(1.776)	14.029			12.253	
Residual Equity Transfer	14.488			2.135	14.488	2.135
Ending Fund Balance	\$20.592	\$9.482	(\$11.291)	(\$23.726)	\$9.482	(\$23.726)

## Estimated General Fund Balance In Millions

	Actual Fiscal 1990	Actual Fiscal 1991	Estimated Fiscal 1992	Estimated Fiscal 1993	Actual FY 90-91	Estimated FY 92-93
Beginning Fund Balance	\$67.234	\$89.038	\$58.700	\$11.303	\$67.234	\$58.700
Receipts						
Estimated Receipts	447.962	420.257	473.830	514.279	868.219	988.109
Total Available	\$515.196	\$509.295	\$532.530	\$525.582	\$935.453	\$1,046.809
Disbursements						
General Appropriations	432.323	457.612	458.017	438.123	889.935	896.140
Pay Plan Appropriations			12.962	20.914		33.876
Statutory Appropriations						
Property Tax Reimbursement			19.037	19.037		38.074
Debt Service			10.817	11.754		22.571
TRANS Interest			2.433	7.381		9.814
Retirement Benefits			3.341	3.729		7.070
Miscellaneous Appropriations			10.998	2.777		13.775
Continuing Appropriations						
Supplementals						
All Other Agencies						
State Equalization Account			11.291	12.435		23.726
Feed Bill			0.536	4.500		5.036
Reversions			(5.000)	(5.000)		(10.000)
Anticipated Disbursements	\$432.323	\$457.612	\$524.432	\$515.650	\$889.935	\$1,040.082
Adjustments	5.969	5.879	1.019		11.848	1.019
Foundation Program Reversion						
Residual Equity Transfer	0.198	1.138	2.186	1.689	1.334	3.875
Ending Fund Balance	\$89.038	\$58.700	\$11.303	\$11.621	\$58.700	\$11.621



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## PAY PLAN INCREASE

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### House Bill 509

During the 1991 regular session, the legislature enacted the most substantial pay plan increase for state employees in a decade. Employees on the general state matrix received an average 7.4 percent raise in fiscal 1992 and will receive an additional 5.2 percent in fiscal 1993. The bill enacted by the legislature (House Bill 509) also repealed the existing general pay matrix, substituting a market-based, open-range plan for employees covered by that matrix.

### Cents-Per-Hour and Market-Based Plan

In House Bill 509, the legislature approved a pay increase for all state employees of 60 cents per hour in fiscal 1992, 25 cents per hour in the first half of fiscal 1993, and an additional 20 cents per hour in the last six months of fiscal 1993. In addition, it provides an annual "progression increase" of 0.125 percent for each full percent an employee covered by the general pay matrix is below the market salary.

Employees covered by this matrix who are hired by the state after July 1, 1991, must begin at the entry rate, unless a pay exception is approved by the Department of Administration. Employees covered by this matrix who were hired prior to July 1, 1991, will receive the cents-per-hour raise and a progression increase in fiscal 1992 and fiscal 1993.

The annual progression increases are calculated by: 1) adding the "cents-per-hour" pay increase to the fiscal 1991 base salary; and 2) calculating what percent the resulting salary is of the market salary. This salary is increased by 0.125 percent for each full percentage point it is below the market salary.

If an employee's base salary after these calculations is lower than the entry salary for his assigned grade, his salary will be increased to the entry salary. An employee's salary may not exceed the maximum salary for his assigned grade. The maximum salary is

the same percentage above the market salary as the market salary is above the entry salary for each grade. However, an employee's salary may not be reduced as a result of the new matrix.

### Development of Market-Based Plan

The new matrix was designed to address problems identified by the State Employee Compensation Committee, a nine-member committee established by the 1989 legislature. After conducting a salary survey in surrounding state governments and among private and public employers in Montana, the committee found that salaries for many mid- and top-level employees and entry salaries for some professional and technical fields were well below the levels paid by other public employers and in private industry in Montana. It also determined that the existing 13-step plan was too rigid and that freezing steps in recent years had resulted in significant pay compression (over 50 percent of all employees were at step 3 or below). The committee found that these problems created recruitment and retention problems throughout state government. To alleviate these problems, the committee suggested a market-based, open-range plan.

Under a market plan, the entry and market salaries are based upon salary surveys of comparable jobs in the "relevant job market". The entry and market salaries in House Bill 509 are based upon a survey done in 1990 of Montana public and private employers and the state governments of North Dakota, South Dakota, Wyoming, Idaho, and Washington. The salaries for each grade are based upon the weighted average survey salaries for selected occupations within each grade.

In an open-range structure, employees are not in a step structure and new state employees do not receive a one-step increase after satisfactory completion of a probationary period. Rather, they are hired at the entry salary and progress toward the market salary based upon formula-driven

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## PAY PLAN INCREASE

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progression increases. The interim committee recommended annual progression increases of 0.25 percent. The legislature funded progression rate increases of 0.126 percent for state employees covered under the general matrix.

### Other Provisions of HB509

House Bill 509 continues to allow the Department of Administration to offer pay exceptions to mitigate problems with recruitment and retention. It also requires that if a majority of nurses covered under the general pay matrix are granted a pay plan exception through a collectively bargained agreement, then all other classified registered nurses (including those employed in the university system) must be paid an equivalent salary.

During the 1991 biennium, the Department of Administration approved a number of "blanket" pay plan exceptions for employees in specific job classes (i.e. nurses, civil and environmental engineers, environmental specialists, and hydrologists). At the request of the agencies, the 1991 legislature approved \$3.02 million (of which \$1.25 million was general fund) for the 1993 biennium in addition to the pay plan appropriation in House Bill 509 to fund pay plan exceptions that were approved in fiscal 1991.

House Bill 509 adjusted longevity pay to conform to the new matrix structure. The bill also stated that shift differential pay for employees regularly scheduled to work non-day shifts and

hazardous duty pay for employees who work under hazardous conditions are mandatory subjects of collective bargaining.

### Other Matrices

House Bill 509 does not provide a market-based progression increase for employees exempt from state pay matrices or covered under the matrices for teachers, blue-collar occupations, or liquor store workers. Under the bill, these employees receive only the 60 cents per hour increase in fiscal 1992 and the two-stage 25 cent/20 cent increase in fiscal 1993.

The teachers' matrix retains its current step structure, based upon education level and years of experience. In addition to the cents-per-hour raises, House Bill 509 provides that in fiscal 1992 teachers be advanced to the step corresponding to their years of experience, thus regaining steps that were lost during the years when steps were frozen. In addition, teachers will receive a step increase in fiscal 1993.

### Historical Perspective

Table 1 shows the percentage increase in salaries for employees in selected grades from fiscal 1976 through 1993. For the 1993 biennium, the percentage increase shown is the average for the grade. As the table shows, the pay plan increase approved by the 1991 legislature is larger than any increase since the 1981 legislature.

## PAY PLAN INCREASE

Table 1  
Percentage Increases\* in Salaries for Selected Grades  
(FY 1976 - 1993)

Fiscal Year	Grade 8	Grade 12	Grade 16	Grade 20
1976	5.0%	5.0%	5.0%	5.0%
1977	4.1	4.1	4.1	4.1
1978	4.8	3.3	2.8	2.7
1979	5.1	3.5	3.0	2.8
1980	4.2	3.6	4.5	5.4
1981	5.7	4.9	4.9	4.5
1982	10.8	9.2	8.5	8.5
1983	10.7	9.2	8.5	8.6
1984	1.7	1.6	1.6	1.6
1985	1.7	1.6	1.6	1.6
1986	2.3	1.7	1.6	1.6
1987	1.9	1.5	1.4	1.3
1988	0.0	0.0	0.0	0.0
1989	0.0	0.0	0.0	0.0
1990	3.2	2.5	2.5	2.5
1991	3.1	2.5	2.5	2.5
1992	8.8	7.2	5.3	4.2
1993	6.0	5.1	3.9	3.3

\*Excludes step increases and increases in the employer contribution rate for group benefits

Source: Department of Administration, Personnel Division

### Insurance Benefits

House Bill 509 increases the state contribution for health insurance by \$20 per month in each of the fiscal years. The Department of Administration has determined that these increases will not cover the projected 15 percent per year increase in health claims costs and announced the following health benefit changes effective September 1, 1991:

- ♦ employees' contributions for dependent coverage will increase by \$9-\$17 per month;

- ♦ the annual deductible will increase from \$175 to \$200 per member or from the \$450 family maximum to \$600;

- ♦ the annual allowable charges to which co-payment is applied will increase from \$2,500 per member (\$5,000 per family) to \$3,000 per member (\$6,000 per family). The 25 percent co-payment will remain unchanged; and

- ♦ reimbursements for certain dental work will be limited to \$1,500 per benefit year.

Table 2 shows the history of state and employee contributions to the health plan since 1980.

## PAY PLAN INCREASE

Table 2  
Monthly Health Insurance Premium and  
Employer Contribution History  
Insurance Years 1980 to 1993

<u>Year</u>	<u>State Share</u>	<u>Core Plan Premium</u>	<u>Additional Premium for Family Coverage</u>	<u>Employee Cost for Family Coverage*</u>
1980	\$50.00	\$45.00	\$33.76	\$28.76
1981	60.00	55.00	39.40	34.40
1982	70.00	65.00	47.84	42.84
1983	80.00	77.67	56.93	54.60
1984	90.00	83.70	57.00	50.70
1985	100.00	93.70	57.00	50.70
1986	105.00	96.20	57.00	48.20
1987	115.00	101.20	57.00	43.20
1988	115.00	101.20	57.00	43.20
1989	115.00	101.20	57.00	43.20
1990	130.00	116.20	57.00	43.20
1991	150.00	136.30	67.00	53.30
1992	170.00	156.30	84.00	70.30
1993	190.00	NA	NA	NA

\*Out-of-pocket costs.

The University System has increased employee contributions for retirees and for dependent coverage by approximately 25 percent in fiscal 1992. This increase in "out-of-pocket" costs will vary from \$0 per month (for employees with no covered dependents) to \$40 per month for employees on leave with 2 or more dependents.

### State Elected Officials' Pay

House Bill 509 increased salaries of elected and appointed officials as shown in table 3. Salary increases for district and Supreme Court justices were established in Senate Bill 228 and funded in House Bill 2.

## PAY PLAN INCREASE

Table 3  
Salaries of Elected and Appointed Officials

	Fiscal <u>1991</u>	Fiscal <u>1992</u>	Fiscal <u>1993</u>
Governor	\$53,006	\$54,254	\$55,502
Lt. Governor	37,970	39,218	40,466
Attorney General	48,345	49,593	50,841
State Auditor	35,030	36,278	37,526
Superintendent of Public Instruction	41,681	42,929	44,177
Public Service Commission			
-Chairman	39,254	40,502	41,750
-Other Members	37,970	39,218	40,466
Clerk of Supreme Court	34,041	35,289	36,537
Secretary of State	35,030	36,278	37,526
Commissioner of Political Practices	29,055	30,303	31,551
State Tax Appeal Board			
-Chairman	29,809	32,198	33,164
-Other Members	29,034	30,665	31,585

Legislators will receive salary equivalent to the entry level grade 8 (\$7.133/hour) beginning in January 1993, compared to the equivalent of a grade 8, step 2 in fiscal 1991 (\$7.055/hour).

### Cost of the Pay Plan Increase

House Bill 509 appropriates \$33.9 million general fund and \$34.0 million other funds for this pay plan increase. This amount was calculated to:

- fund the cents-per-hour and an average progression increase for all state employees covered under the general pay matrix;
- fund the cents-per-hour increase for all exempt state employees and those covered under other matrices;
- fund the insurance contribution increase and all associated benefits;
- provide 78 percent of the funding for the cost of the university system pay

plan increase. The remainder is to be funded with tuition revenue.

In House Bill 2, the legislature made several adjustments to enable agencies with employees not covered by the general matrix to fund a progression increase for their employees. The Judiciary, Legislative Council, and the Office of the Legislative Auditor were exempted from personal service reductions (vacancy savings). Additional appropriations (totalling \$61,399 general fund and \$18,910 other funds) were provided to smaller legislative agencies (the Office of the Legislative Fiscal Analyst, Environmental Quality Council, and

## PAY PLAN INCREASE

Consumer Counsel) in House Bill 2 for this purpose.

House Bill 509 provided specific appropriations to legislative agencies, the Judiciary, and the university system to fund the pay plan increase. It

appropriated the remainder to the Office of Budget and Program Planning (OBPP) for distribution to all other state agencies as Table 4 shows. OBPP's allocation of these funds is shown in the agency and program narrative tables.

Table 4  
Pay Plan Allocations in House Bill 509

	- - Fiscal 1992 - -		- - Fiscal 1993 - -	
	<u>General Fund</u>	<u>Other Funds</u>	<u>General Fund</u>	<u>Other Funds</u>
Legislative Auditor	\$ 55,321	\$ 59,836	\$ 90,697	\$ 98,098
Legislative Fiscal Analyst	29,486		49,742	
Legislative Council	76,834		152,898	
Environmental Quality Council	11,763		18,618	
Consumer Counsel		7,167		11,734
Judiciary	72,569	16,802	122,084	28,266
University System	4,113,000	1,160,000	6,752,000	1,904,000
Office of Budget and Program Planning for Distribution to All Other Agencies	<u>8,603,027</u>	<u>11,843,195</u>	<u>13,727,961</u>	<u>18,844,902</u>
Total	\$12,962,000	\$13,087,000	\$20,914,000	\$20,887,000

## STATE EMPLOYEES (FTE)

### 1992 Special Session

During the 1992 special session, the legislature authorized the addition of a net 26.08 FTE in fiscal 1992 and 39.50 FTE in fiscal 1993 in the following actions:

1) elimination of the Intergovernmental Review function and 1.0 FTE in the Governor's Office in fiscal 1993;

2) reduction of the Coal Board staff by 1.0 FTE in fiscal 1993, reflecting the \$2.1 million biennial reduction in local impact grant funds approved during the session;

3) addition of staff in the Department of Revenue (0.68 FTE in fiscal 1992 and 4.0 FTE in fiscal 1993) to increase personal income tax collections;

4) addition of 21.9 FTE in fiscal 1992 and 26.5 FTE in fiscal 1993 at the Montana Developmental Center (MDC) and 1.0 FTE for both years at Eastmont Human Services Center (EHSC) to maintain medicaid certification at the two facilities.

5) addition of 2.5 FTE in fiscal 1992 and 10.0 FTE in fiscal 1993 at Warm Springs State Hospital to improve patient care in response to the Ihler district court decision. The agency expects the number of FTE to be reduced in future years as patients are moved to community programs.

### Full Time Equivalents (FTE)

House Bill 2, as amended during the 1992 special session, increases the number of state employees by 2 percent over the fiscal 1991 level. The increase is primarily due to new federal mandates, increased federal funding, and the implementation of new legislation passed by the 1991 legislature. However, the legislature also approved a number of new FTE for state institutions and environmental, public land-related, and human service programs.

As Table 1 shows, House Bill 2 as amended authorizes 11,534.06 FTE in fiscal 1992 and 11,529.98 FTE in fiscal 1993. Excluded from this total are FTE employed by the six university units and the experiment stations.

Table 1  
FTE Funded in General Appropriation Act  
(Excludes University System)

	<u>FY91</u>	<u>FY92</u>	<u>FY93</u>
HB100	11,292.71*		
HB2			
Regular session		11,507.98	11,490.48
Special session		<u>+26.08</u>	<u>+39.50</u>
Totals		11,534.06	11,529.98
Increase over FY91		+241.35	+237.27

\*Does not include FTE added through budget amendment, legislative contract authority, or other operational plan changes.

The total number of FTE is 241.35 higher in fiscal 1992 and 237.27 higher in

fiscal 1993 than approved in House Bill 100 for fiscal 1991.



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## STATE EMPLOYEES (FTE)

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### Federal Mandates and Increased Federal Funds

The Department of Health and Environmental Sciences (DHES) experienced the largest percentage FTE increase--a 28.8 percent increase from 300.35 to 386.94 FTE. Of this increase, 30.5 FTE were added to ensure that Montana retained its lead status in the regulation and enforcement of various environmental programs such as water, air, and solid waste. During the 1991 biennium, DHES added 17.0 FTE for this purpose by budget amendment and operational plan change. Another 5.0 FTE were added to environmental programs as a result of other federal mandates.

The legislature also approved addition of 15.0 FTE in DHES to continue implementation of new programs and expanded certification requirements mandated in the federal Omnibus Budget and Reconciliation Act (OBRA) of 1987. These positions were originally added via budget amendment in fiscal 1991, in addition to the 6.0 FTE authorized by the 1989 legislature to address changes due to OBRA.

In late 1990, the Federal Highway Administration significantly increased federal aid funding for states to spend down the federal highways trust fund that had amassed a large surplus due to restrictions on spending imposed by the Gramm-Rudman Deficit Reduction Act. Montana will receive approximately \$20 million more federal funds per year for the next three to five years under this program. The legislature approved 23.95 additional FTE in fiscal 1992 and 26.25 FTE in fiscal 1993 as part of this expanded highway program.

The legislature also added 6.5 FTE to implement new federally funded programs within the Office of Public Instruction.

### State Initiatives

#### Environment, Public Lands, and Recreation

Reflecting the importance of Montana's public and recreation lands to the

state's economy, the legislature approved the addition of over 50.0 FTE in the departments of State Lands and Fish, Wildlife, and Parks; and environmental programs in DHES.

The legislature approved the addition of 9.0 FTE in fiscal 1992 (increasing to 10.0 FTE in fiscal 1993) and \$4.9 million for the biennium for research and litigation efforts in the natural resource damage assessment filed by the state against the Atlantic Richfield Corporation (ARCO) for alleged damage to the Clark Fork River Basin from mining operations during the last century. The trial on the cost is scheduled for May 1993. The state is seeking damages in excess of \$50 million in the case. The legislature specified that the suit include reimbursement of all costs associated with the assessment and litigation of the case.

The legislature approved an additional 5.0 FTE in DHES to continue activities associated with Superfund clean-up at Burlington Northern and ARCO sites. These FTE are funded by reimbursements from the companies.

The legislature approved the addition of 23.02 FTE in fiscal 1992 and 29.68 FTE in fiscal 1993 to the Department of State Lands to assist Montana's basic industries and to improve administration of state lands. In order to speed the mine permitting process, the legislature approved the addition of 9.62 FTE in fiscal 1992 and 12.0 FTE in fiscal 1993. It also added 8.9 FTE in fiscal 1992 (growing to 10.68 FTE in fiscal 1993) to provide increased assistance to Montana's timber industry and in county fire protection.

Lastly, the legislature approved the continuation of 10.9 FTE added by budget modifications in 1989 and the addition of 15.71 additional FTE to the Department of Fish, Wildlife, and Parks for a variety of programs benefitting users of Montana's wildlife and park resources.

#### Human Services

The legislature added 21.11 new FTE in the Department of Family Services to



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## STATE EMPLOYEES (FTE)

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strengthen delivery of services and management capabilities. The additional staff include 8 new social workers, 4.36 additional staff at Pine Hills and Mountain View, and 6 additional management positions.

In the Department of Social and Rehabilitation Services (SRS), 8.0 FTE were added to increase services to the Montana developmentally disabled community. This increase was offset by FTE reductions in other programs.

In the Department of Corrections and Human Services, 94.7 new FTE were added by fiscal 1993. Forty-six of these new positions were added to the Corrections Division for increased populations at the men's and women's prisons and for new programs designed to offer alternatives to imprisonment. An additional 47.5 FTE were added to maintain medicaid certification at the MDC and EHSC and to improve staffing levels at Warm Springs. At the request of the executive, the 1991 legislature significantly reduced staff at the MDC (29.0 FTE in fiscal 1992 and a further 34.0 FTE in fiscal 1993) as part of the "down-sizing" of the facility.

In the Department of Labor and Industry, 6.0 FTE were added to provide job training and adjustment services to laid-off employees. The FTE increase in this program was offset by reductions in other programs.

### Fiscal Control and Collection

The legislature approved 12.01 new FTE in fiscal 1992 and 15.0 in fiscal 1993 for the Department of Revenue to enhance tax administration and collection efforts.

An additional 4.0 FTE were authorized for the Office of Public Instruction to provide new financial management support and control of state funds distributed to school districts throughout the state.

The legislature approved the continuation of 42.4 FTE in the State

Fund added by budget amendment during the 1991 biennium to improve operations of the state's workers' compensation insurance system.

### Reorganization

The 1991 legislature created the Department of Transportation, combining 24.99 FTE from the Department of Commerce (Transit and Aeronautics divisions) and 23.0 FTE from the Department of Revenue (Motor Fuels Division) with the Department of Highways. The total number of FTE did not increase as a result of the reorganization.

## New Legislation

The legislature approved the addition of 54.0 FTE in fiscal 1992 and 58.0 FTE in fiscal 1993 to implement new legislation passed during the 1991 regular session.

Much of this increase was in the Department of Justice. The legislature increased driver's license fees by \$1 per year, with the revenue to be used for the addition of 20.2 new FTE at drivers' exam express stations throughout the state. The legislature also approved the addition of 3.5 FTE to the Fire Marshall's Bureau within the department, funded by an increase in the insurance paid on fire protection premiums.

In addition, the Department of Justice was authorized additional FTE for existing programs. Four additional highway patrol officers, four additional dispatchers, and five additional gambling control staff were approved for the 1993 biennium.

## Comparisons to Executive Budget

### 1991 Regular Session

Table 2 compares the number of FTE requested in the revised Executive Budget to the number authorized in House Bill 2 as approved by the legislature.

# STATE EMPLOYEES (FTE)

Table 2  
Comparison of FTE  
HB2 and Revised Executive Budget\*, 1991 Regular Session

	<u>Revised Executive Budget</u>	<u>HB2</u>	<u>Difference</u>
<u>FY92</u>			
Regular session.	11,257.82	11,507.98	250.16
<u>FY93</u>			
Regular Session	11,217.21	11,490.48	273.27

\* Excludes University System; based on printed Executive Budget and the OBPP-approved revisions presented to the subcommittees

In addition to FTE requested in the revised Executive Budget, state agencies requested 68.79 FTE in fiscal 1992 and 68.81 in fiscal 1993 to implement bills passed by the 1991 legislature. The legislature approved the addition of 54.0 FTE in fiscal 1992 and 58.0 FTE in fiscal 1993 for this purpose in House Bill 2.

The primary reasons for the differences between the current level FTE continued in the revised Executive Budget and FTE authorized in House Bill 2 are legislative decisions to continue current operations at the Montana State Hospital at Galen and at state liquor stores.

## 1992 Special Session

During the special session, the legislature adopted the Executive Budget proposal to add staff at MDC and Eastmont (27.5 FTE by fiscal 1993). It added 4.0 collection staff to the Department of Revenue, based on the department's testimony that the new staff would generate \$1 million in accounts receivable collections in fiscal 1993. It also eliminated 1.0 FTE from the Governor's Office, at the executive request, and an additional FTE

in the Department of Commerce. However, the legislature did not adopt the executive proposals to decrease FTE in two other areas:

1) the Executive Budget proposed significant changes in programs at Galen and Warm Springs that would have resulted in the net reduction of 51.3 FTE during the 1993 biennium. In order to allow the interim Committee on the Montana State Hospital to complete its study of the past, present, and potential future uses of the facility, the legislature did not adopt the executive proposal. However, it did increase staff at Warm Springs by 10 FTE, as requested by the executive; and

2) the Executive Budget proposed a plan to convert all remaining state liquor stores to agency stores by the end of the 1993 biennium, resulting in a decrease of approximately 75.0 FTE. The 1992 special session did not approve this proposal.

Table 3 shows the number of FTE authorized for each state agency in House Bill 2, as amended during the 1992 special session, compared to the number authorized in fiscal 1991 in House Bill 100.

# STATE EMPLOYEES (FTE)

Table 3  
FTE by Agency  
Fiscal 1991 through Fiscal 1993

Agency*	(HB100) FTE Fiscal 1991**	(HB2) FTE Fiscal 1992	(HB2) FTE Fiscal 1993	Increase (Decrease) FY91-93
Legislative Auditor	60.00	67.50	67.50	7.50
Legislative Fiscal Analyst	18.00	17.50	18.00	0.00
Legislative Council	53.70	45.70	53.70	0.00
Environmental Quality Council	6.50	7.00	7.00	0.50
Consumer Counsel	4.25	4.25	4.25	0.00
Judiciary	88.50	91.50	92.00	3.50
Governor's Office	60.20	59.50	58.50	(1.70)
Secretary of State	26.00	35.25	35.25	9.25
Commissioner of Political Practices	3.00	3.50	3.00	0.00
State Auditor	67.50	70.00	70.00	2.50
Office of Public Instruction	124.40	140.23	140.23	15.83
Vocational Technical Centers	264.07	274.74	274.24	10.17
Crime Control Division	16.00	18.00	18.00	2.00
Highway Traffic Safety	8.50	8.50	8.50	0.00
Department of Justice	600.50	645.40	638.40	37.90
Public Service Regulation	46.00	47.00	47.00	1.00
Board of Public Education	4.00	4.00	4.00	0.00
Commissioner of Higher Education	60.15	67.45	66.95	6.80
School for the Deaf and Blind	84.54	85.38	85.38	0.84
Montana Arts Council	7.97	7.97	7.97	0.00
Library Commission	29.35	29.50	29.50	0.15
Council on Vocational Education	2.50	2.50	2.50	0.00
Historical Society	48.78	47.88	47.88	(0.90)
Fire Services Training School	5.00	5.00	5.00	0.00
Dept. of Fish, Wildlife and Parks	537.42	553.03	553.13	15.71
Dept. of Health and Environ. Sciences	300.35	384.94	386.94	86.59
Dept. of Transportation	1,933.83	2,004.77	2,007.07	73.24
Dept. of State Lands	336.69	359.71	366.37	29.68
Dept. of Livestock	118.71	119.71	117.71	(1.00)
Dept. of Nat. Resources and Conservation	262.20	262.20	262.20	0.00
Dept. of Revenue***	800.58	766.09	769.08	(31.50)
Dept. of Administration	354.59	318.14	322.14	(32.45)
Public Employees Retirement Board	20.00	20.00	20.00	0.00
Teachers Retirement Board	11.50	11.50	11.50	0.00
Dept. of Agriculture	92.59	99.04	99.09	6.50
Dept. of Corrections & Human Services	2,084.18	2,077.22	2,054.79	(29.39)
Dept. of Commerce	336.70	324.31	325.81	(10.89)
Dept. of Labor and Industry	656.50	639.00	639.00	(17.50)
State Mutual Insurance Fund	175.50	218.90	217.90	42.40
Dept. of Military Affairs	97.75	99.75	99.75	2.00
Dept. of Social and Rehab. Services	921.72	906.90	909.15	(12.57)
Dept. of Family Services	562.49	583.60	583.60	21.11
Total FTE	11,292.71	11,534.06	11,529.98	237.27

\* Excludes University System

\*\* Excludes FTE added through budget amendments, LCA, or other operational changes.

\*\*\* Includes liquor store employees

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## TRUST FUNDS-INTEREST AND BALANCES

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### Trust Fund Balances

Montana has a number of constitutional and statutory trusts that provide interest to fund current state government operations. While the legislature has spent the principal of the education trust and slowed the flow of revenue into the parks acquisition trust for several years, substantial balances remain. By the end of the 1993 biennium, these trust balances will total nearly \$1 billion.

Table 1 shows the history of seven major trusts since fiscal 1973. Forecasted amounts are shown for fiscal 1992 and fiscal 1993. Following is a description of each trust and the income it generates.

### Constitutional Trusts

#### Permanent Coal Tax Trust

Article IX, Section 5 requires that 50 percent of all coal severance tax revenue be deposited in a permanent trust fund and that the principal of the trust "shall forever remain inviolate unless appropriated by a three-fourths vote of each house." By statute, interest on this trust is distributed 85 percent to the general fund and 15 percent to the school equalization account.

The interest earned on this trust is an important general fund revenue source. During the period fiscal 1978 through fiscal 1991, \$321.1 million in interest from this trust was deposited in the general fund. In fiscal 1991, permanent coal tax trust interest provided 10 percent of total revenue to the general fund.

Initiative 95, approved by voters in 1982, requires that 25 percent of the revenue deposited in the permanent coal tax trust after June 30, 1983, be placed in the in-state investment trust fund for investment in the Montana economy "with special emphasis on investments in new or expanding locally owned enterprises." The 1989 and 1991 legislatures authorized the Montana Science and Technology Alliance to use \$12.6 million from the in-state investment fund for investment in new

and expanding technology-based Montana businesses and for research and development project loans granted by the Alliance. Senate Bill 26 passed by the 1991 legislature: 1) eliminated separate accounting for the in-state investment trust; and 2) instructed the Board of Investments to "endeavor to invest up to 25% of the permanent coal tax trust fund" in the Montana economy.

Coal tax revenue flowing into the permanent trust is also used to secure state bonds issued to finance water resource development projects and activities. Since 1981 when the legislature authorized this bonding program, \$32.7 million in water development projects throughout the state have been authorized with revenue from these bonds.

During the 1992 special session, the legislature passed two bills that may impact the coal tax trust:

1) Senate Bill 5 authorized the creation of a school bond contingency loan fund within the permanent trust fund. The contingency fund will provide up to \$25 million in loan guarantees for school district bonds that are certified by the Department of Administration as meeting certification standards but for which subsequent litigation prevents collection of property taxes levied for debt service. School districts will be required to repay any guarantee funds used. Interest on the contingency fund is distributed in the same manner as all other interest earned on the permanent trust fund.

2) House Bill 19 requires a referendum be placed on the June 1992 election ballot to create a Treasure State Endowment fund. If approved, a Treasure State Endowment fund would be created within the permanent coal trust fund to receive half of the funds deposited in the trust during fiscal 1994 through fiscal 2013. Interest earned on the Treasure State Endowment Fund would be used to finance local infrastructure projects, as prioritized by the departments of Commerce and Natural Resources and Conservation and authorized by the legislature.

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## TRUST FUNDS-INTEREST AND BALANCES

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### Common School Trust

Article X, Sections 2 and 3 require that all royalties and other proceeds received from school lands granted to the state under the federal enabling act must be deposited in the common school trust fund and "shall forever remain inviolate, guaranteed by the state against loss or diversion." Article X, Section 5 requires that 95 percent of the interest from this trust be used for school equalization, with the remaining 5 percent reinvested in the trust.

During the 1992 special session, the legislature passed House Bill 3 which provided that 95 percent of the revenue from state timber sales (approximately \$4.9 million) would be deposited in the school equalization trust during the 1993 biennium, with the remaining 5 percent deposited in the trust. Beginning in fiscal 1994, all the proceeds from state timber sales will again be deposited in the trust.

### Resource Indemnity Trust

Article IX, Section 2 and Title 35, Chapter 38, MCA, requires that all collections from the resource indemnity tax on minerals be placed in a trust. The trust "shall forever remain inviolate" until the principal reaches \$100 million, at which point the tax may be spent. The trust is expected to reach \$100 million during the 1997 biennium.

The "Resource Indemnity Trust Fund Interest Accounts" section discusses the statutory allocation of interest earned on this trust.

## Statutory Trusts

### Education Trust

From fiscal 1976 through 1986, a portion of the revenue from coal severance tax was allocated to the education trust for the support of education. The legislature appropriated the corpus of this trust to the school equalization account during the period fiscal 1987 through 1990.

### Parks Acquisition Trust

During most of the last 15 years, a portion of the coal severance tax has been earmarked for the parks acquisition trust. During the late 1980's, the flow of revenue into this account was diverted to the general fund. However, the principal began to grow again in fiscal 1990. Prior to fiscal 1992, two-thirds of the interest from this trust was statutorily allocated for acquisition and operation of state parks and one-third was allocated for protection of works of art in the state capitol and other cultural and aesthetics projects.

The 1991 legislature split the principal of this trust into two separate trusts: a parks acquisition trust and an arts protection trust. During the 1993 biennium, the coal tax revenue that would have flowed into the park acquisition trust (1.2665 percent) will be spent for maintenance of parks and historic sites, along with the interest from the trust. In the 1995 biennium, the coal tax revenue allocation will again be deposited in the trust. In fiscal 1992, 0.6335 percent of coal severance tax revenues was deposited in the arts protection trust, with the trust interest continuing to be used for protection of works of art and cultural projects. During the 1992 special session, the legislature diverted a portion of the revenue that would have flowed into the arts protection trust in fiscal 1993 to fund the operations of the Montana Arts Council. In fiscal 1994, these revenues will again be deposited in the trust.

### Noxious Weed Management Trust

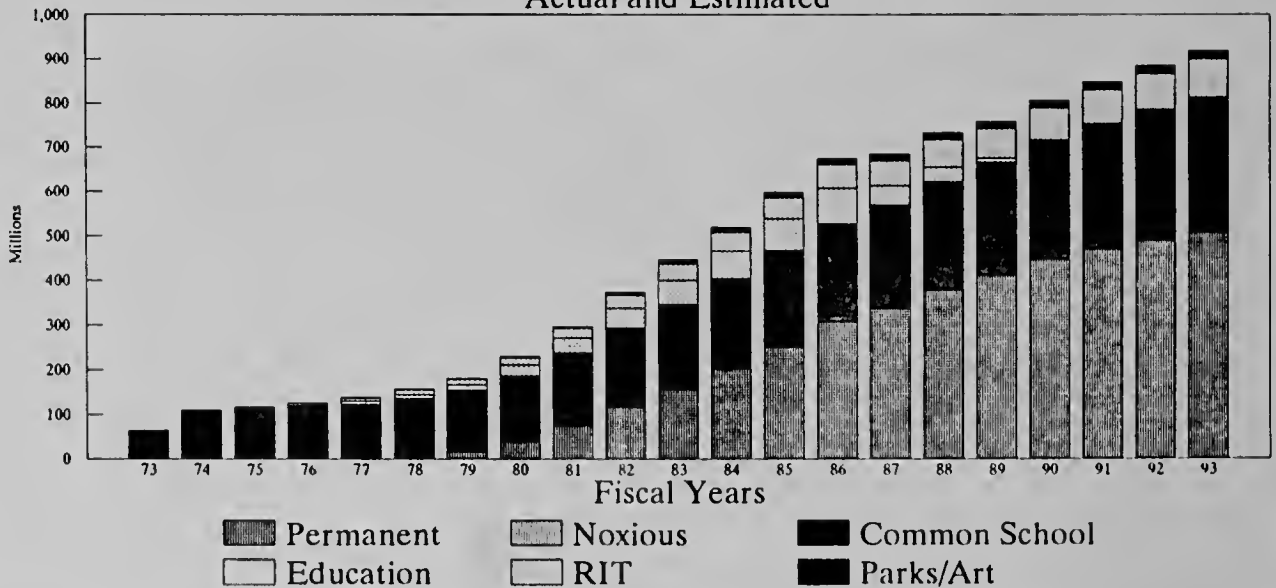
Under current law, at least one-half of the collections from a 1.0 percent surcharge on the retail sale of pesticides is deposited in the Noxious Weed Management Trust. The remaining collections are spent for weed control grants. The interest earned on the trust is retained in the trust. Once the principal of the trust reaches \$2.5 million, all herbicide surcharge collections and the interest earned on the trust can also be spent for weed control grants. The Department of Agriculture estimates that the trust will reach this amount in June 1992.

# TRUST FUNDS--INTEREST AND BALANCES

Table 1  
Trust Fund Balances

Fiscal Year	Permanent Coal Tax Trust Fund	Common School Trust Fund	Education Trust Fund	Resource Indemnity Trust Fund	Parks Acquisition Trust Fund	Arts Protection Trust Fund	Noxious Weed Trust Fund	Total Trust Funds
A 73	\$0	\$64,223,773	\$0	\$0	\$0	\$0	\$0	\$64,223,773
A 74	0	108,998,870	0	1,141,385	0	0	0	110,140,255
A 75	0	113,064,188	0	3,287,456	0	0	0	116,351,644
A 76	0	117,849,628	2,227,793	5,552,291	278,725	0	0	125,908,437
A 77	0	123,281,528	6,039,530	8,232,247	758,308	0	0	138,311,613
A 78	6,268,262	129,949,247	8,983,763	10,646,851	1,174,356	0	0	157,022,479
A 79	16,940,538	137,716,735	12,339,549	12,574,209	1,475,732	0	0	181,046,763
A 80	39,964,765	147,527,943	23,905,146	16,204,531	3,565,371	0	0	231,167,756
A 81	75,187,459	163,163,556	33,624,170	21,165,464	5,325,746	0	0	298,466,395
A 82	118,336,314	176,467,865	44,338,477	28,328,946	7,480,418	0	0	374,952,020
A 83	158,358,806	189,390,417	52,665,410	36,181,889	9,481,542	0	0	446,078,064
A 84	202,936,358	201,319,109	60,925,268	42,986,128	11,565,460	0	0	519,732,323
A 85	252,420,524	214,764,544	70,500,922	47,396,179	13,859,181	0	0	598,941,350
A 86	309,384,250	217,677,906	79,761,708	53,039,675	16,222,131	0	443,184	676,528,854
A 87	339,883,180	227,687,073	44,091,429	56,861,627	16,613,608	0	824,550	685,961,467
A 88	381,180,287	239,553,633	33,671,110	61,750,961	16,581,042	0	1,070,972	733,808,005
A 89	411,838,993	254,128,428	8,651,477	66,665,000	16,608,706	0	1,320,720	759,213,324
A 90	446,511,416	268,496,362	0	72,811,618	17,936,701	0	1,688,370	807,444,467
A 91	470,322,655	280,326,496	0	77,324,921	18,882,548	0	2,121,973	848,978,593
F 92	489,594,664	292,356,294	0	82,017,016	12,588,365	6,544,702	2,500,000	885,601,041
F 93	508,210,185	302,630,492	0	86,632,543	12,588,365	6,683,495	2,500,000	919,245,080

HISTORY OF TRUST FUND BALANCES  
Actual and Estimated





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## RESOURCE INDEMNITY TRUST INTEREST ACCOUNTS

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### RIT Trust

Article IX, Section 2 of the Montana constitution provides that certain taxes on the extraction of natural resources be deposited in a Resource Indemnity Tax (RIT) Trust. The principal of the trust up to \$100 million "shall remain forever inviolate..., guaranteed by the state against loss or diversion." Title 15, Chapter 38, MCA, provides for a resource indemnity tax of 0.5 percent on all mineral production except production from metalliferous mines. These revenues are deposited in the trust until the principal reaches \$100 million. After the principal reaches \$100 million, the tax revenue may be appropriated.

Beginning in the 1995 biennium, Senate Bill 94 passed by the 1991 legislature provides that the RIT tax will be called the Resource Indemnity and Groundwater assessment tax (RIGWA), with 14.1 percent of its proceeds deposited into a newly-created groundwater assessment account. This allocation will continue until the account balance reaches \$666,000. When the cash balance of the account exceeds \$666,000, all tax revenue is deposited into the RIT trust.

### Allocation of RIT Interest

The interest earned on the trust must be used "to improve the total environment and rectify damage thereto." Section 15-38-202, MCA, earmarks these interest earnings in the following manner:

- 1) An amount not to exceed \$175,000 to the environmental contingency fund;
- 2) Beginning in fiscal 1992, an amount not to exceed \$50,000 to the oil and gas mitigation account;
- 3) Of the remainder:
  - a) 30 percent for water development;
  - b) 46 percent for reclamation and development grants and related administration;
  - c) 12 percent for hazardous waste and superfund activities;
  - d) 4 percent for environmental quality protection; and

e) 8 percent for renewable resource grants and loans and related administration.

### RIT Interest Accounts

#### Environmental Contingency Fund

Funds in this account are statutorily appropriated to be used, upon authorization of the Governor, for unanticipated public needs arising from certain disasters and emergencies.

#### Oil and Gas Mitigation Account

Funds in this account are statutorily appropriated, upon authorization of the Board of Oil and Gas Conservation, for the costs of plugging a well that has been abandoned and for whom no responsible party can be found.

Three accounts which receive a portion of the RIT Trust interest used to make grants and loans for natural resource projects are: 1) the water development account; 2) the renewable resource development account; and 3) the reclamation and development account. All grants from these accounts require legislative approval.

#### Environmental Quality Protection Fund

Funds in the account are used to address problems caused by the release of hazardous wastes at sites not listed in the federal superfund priority list.

#### Water Development Account

The water development account was created to advance the beneficial use of water by financing water development projects and activities. Revenue sources include 30 percent of RIT interest, 0.475 percent of coal severance tax collections, loan repayments, income from state-owned water projects, and administrative fees.

#### Renewable Resource Development Account

The 1975 legislature established the renewable resource development loan and

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## RESOURCE INDEMNITY TRUST INTEREST ACCOUNTS

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grant program to provide financial assistance to public entities for development and protection of renewable natural resources. The grant program is financed from the renewable resource development account, which receives 8 percent of the RIT interest, 0.475 percent of coal severance tax collections, interest on bond proceeds, and loan repayments.

### Reclamation and Development Account

The reclamation and development account is funded with 46 percent of RIT interest and is used to fund projects to repair, reclaim, or mitigate damage caused by natural resource extraction.

Table 1 shows anticipated revenue into and appropriations from these accounts during the 1993 biennium, as adopted during the 1991 regular session and amended by the 1992 special session.



# RESOURCE INDEMNITY TRUST INTEREST ACCOUNTS

Table 1  
Resource Indemnity Trust (RIT) Interest Account  
1993 Biennium

	Environmental Contingency	Reclamation/ Development	Water Development	Renewable Resource	Hazardous Waste/DERLA	EQPF	Oil/Gas Mitigation
BEGINNING BALANCE	\$436,362	\$628,651	\$1,143,750	\$11,711	\$749,198	\$828,358	\$71,272
REVENUES							
RIT Interest	50,000	7,582,775	4,945,288	1,318,743	1,978,115	659,372	50,000
Coal Tax			369,000	369,000			
Loan Repayments			1,113,993	131,344			
Bond Proceeds Interest			50,000				
Administrative Fees			410,000				
Project Rev/Income/Savings					126,358	2,139,031	16,000
TOTAL REVENUES					2,104,473	2,798,403	66,000
TOTAL FUNDS AVAILABLE	\$486,362	\$8,211,426	\$8,032,031	\$1,830,798	\$2,853,671	\$3,626,761	\$137,272
APPROPRIATIONS							
Debt Service			1,229,694	380,231			**
House Bills 2 and 509		3,622,648	4,748,078	471,543		2,630,688	
DNRC	**	1,756,281	992,493	217,820	1,951,258		
State Lands							
Health							
Water Courts		177,000					
State Library							
Total House Bills 2 and 509	0	5,555,929	5,740,571	689,363	1,951,258	2,630,688	0
Reserved for Wtr Storage - SB 313*			265,442	190,301			
Ending Balance Avail for Grants		2,655,497	796,325	570,903			
House Bill 6		4,160,773	889,812	1,276,966			
House Bill 8							
TOTAL GRANTS							
		4,160,773	889,812	1,276,966	0	0	
TOTAL APPROPRIATIONS	**	9,716,702	8,125,519	2,536,861	1,951,258	2,630,688	**
ENDING FUND BALANCE	\$486,362	(\$1,505,276)	(993,488)	(\$706,063)	\$902,413	\$ 996,073	\$137,272

\*Senate Bill 313 reserves 25 percent of the total amount available for grants from the Water Development and Renewable Resource accounts for water storage projects to be spent not prior to fiscal 1994.

\*\*Statutorily appropriated

# AGENCY BUDGETS BY FUND TYPE

## General Fund

The following table shows the general fund appropriations for all state agencies for fiscal 1992 and fiscal 1993 contained in House Bill 2, as approved during the 1991 regular session and as amended during the January 1992 special session.

During the January 1992 special session, the legislature reduced general fund

appropriations in House Bill 2 by \$30.9 million. This was offset by: 1) \$20.4 million in increased general fund appropriations to state agencies for supplementals and additional expenditures in the 1993 biennium; and 2) a \$24.1 million general fund supplemental to the school equalization account (SEA) to fund the equalization program and other costs appropriated from the SEA by the 1991 legislature.

Agency Name	HB 2 Regular Session Fiscal 1992	HB 2 Regular Session Fiscal 1993	HB 2 Special Session Fiscal 1992	HB 2 Special Session Fiscal 1993	HB 2 Regular Session Fiscal 92-93	HB 2 Special Session Fiscal 92-93	Special Over (Under) Regular
Legislative Auditor	\$1,218,997	\$1,210,563	\$1,136,518	\$1,207,352	\$2,427,580	\$2,345,868	(\$81,892)
Legislative Fiscal Analyst	864,517	872,861	815,153	828,705	1,737,378	1,841,858	(95,520)
Legislative Council	2,092,448	2,019,255	1,984,884	1,910,847	4,111,703	3,875,511	(236,192)
Environmental Quality Council	285,473	283,275	277,515	275,875	588,748	553,390	(35,358)
Judiciary	6,008,765	6,348,037	7,695,276	8,491,575	18,358,802	18,366,851	30,049
Governors Office	2,586,321	2,432,656	2,800,216	2,221,923	5,029,177	4,822,139	(207,038)
Secretary of State's Office	1,027,283	956,000	957,283	931,000	1,983,283	1,868,283	(95,000)
Commissioner of Political Prac	169,704	113,521	152,548	113,521	283,225	268,069	(17,156)
State Auditors Office	2,303,414	2,141,084	2,183,157	1,864,061	4,444,498	4,167,218	(277,280)
Office of Public Instruction	48,048,246	44,018,188	71,816,802	43,807,778	92,068,414	115,824,580	23,556,166
Billings Vo Tech	1,239,580	1,198,920	1,229,787	1,117,375	2,438,480	2,347,182	(91,318)
Butte Vo Tech	1,459,812	1,463,460	1,448,289	1,375,982	2,923,072	2,824,251	(98,821)
Great Falls Vo Tech	1,578,514	1,588,011	1,565,994	1,475,435	3,164,525	3,041,429	(123,096)
Helena Vo Tech	2,025,344	1,948,771	2,009,558	1,832,937	3,974,115	3,842,493	(131,622)
Missoula Vo Tech	2,053,906	1,952,924	2,037,805	1,838,514	4,008,830	3,878,319	(130,511)
Crime Control Division	486,644	502,038	446,087	459,083	988,880	905,160	(83,520)
Highway Traffic Safety	199,000	199,000	183,080	183,080	398,000	368,160	(31,840)
Department of Justice	11,836,846	11,825,721	10,946,993	10,867,862	23,281,367	21,818,955	(1,444,412)
Public Service Regulation	2,086,988	1,949,128	2,086,988	1,949,128	4,046,114	4,046,114	0
Board of Public Education	118,702	114,001	108,941	104,468	232,703	213,399	(19,304)
Commissioner of Higher Education	10,894,523	11,139,398	10,378,978	10,832,844	22,033,921	21,211,820	(822,101)
University of Montana	29,171,950	28,963,915	28,720,787	28,291,904	58,136,865	55,012,671	(3,123,194)
Montana State University	36,748,398	38,342,254	36,183,138	33,471,345	73,088,652	69,684,463	(3,424,169)
Mont College of Min Sc & Tech	7,429,174	7,338,203	7,313,052	6,825,904	14,785,377	14,138,958	(646,419)
Eastern Montana College	10,934,381	10,645,815	10,764,299	9,790,124	21,579,998	20,554,423	(1,025,573)
Northern Montana College	6,129,327	6,036,629	6,033,133	5,648,717	12,185,856	11,681,850	(484,006)
Western Montana College	3,510,850	3,436,280	3,455,346	3,185,825	6,947,130	6,640,971	(306,159)
Agricultural Exper Station	7,338,082	7,356,615	7,220,663	7,143,788	14,688,697	14,384,459	(304,238)
Cooperative Extension Service	2,778,004	2,769,940	2,733,258	2,687,532	5,547,944	5,420,790	(127,154)
Forestry & Cons Exper Station	711,138	711,940	700,070	675,404	1,423,078	1,375,474	(47,604)
Bureau of Mines	1,268,493	1,269,384	1,268,439	1,269,212	2,577,877	2,537,651	(40,226)
School For The Deaf & Blind	2,620,029	2,581,669	2,563,150	2,515,116	5,201,898	5,078,286	(123,432)
Montana Arts Council	139,513	121,821	131,663	11,558	261,434	143,211	(118,223)
Library Commission	1,254,844	993,038	1,130,244	961,755	2,247,880	2,091,999	(155,881)
Historical Society	1,272,078	1,227,647	1,234,253	1,207,248	2,499,725	2,441,501	(58,224)
Fire Services Training School	238,604	219,084	234,986	212,622	457,888	447,608	(10,280)
Department of Fish, Wildlife & Parks	423,065	423,064	388,566	388,227	848,119	778,823	(69,296)
Department Health & Environ Sciences	3,806,844	3,599,368	3,326,813	3,207,738	7,208,012	6,534,349	(673,663)
Department of Transportation	585,524	372,427	537,710	341,074	957,961	878,784	(79,167)
Department of State Lands	6,979,274	6,831,604	14,058,213	8,231,241	17,810,878	22,289,454	4,878,576
Department of Livestock	777,673	772,862	712,673	752,882	1,550,555	1,465,555	(85,000)
Department Nat Resource/Conservation	4,648,866	4,559,198	4,120,217	4,229,855	9,208,188	8,350,072	(858,094)
Department of Revenue	18,836,880	18,834,416	18,707,201	18,899,805	37,870,296	37,407,008	(463,288)
Department of Administration	3,428,337	3,376,674	3,228,524	3,150,824	6,805,211	6,379,348	(425,863)
Department of Agriculture	1,191,796	1,033,252	1,091,866	943,618	2,225,048	2,035,484	(189,564)
Department of Corrections & Human Se	71,060,011	68,768,739	70,803,267	68,789,288	139,828,750	139,562,565	(266,185)
Department of Commerce	2,807,013	2,727,748	2,622,827	2,492,853	5,534,761	5,115,680	(419,081)
Department of Labor & Industry	762,128	730,562	723,123	690,781	1,492,680	1,413,904	(78,776)
Military Affairs	2,200,045	1,993,823	2,106,541	1,878,510	4,193,868	3,985,051	(208,817)
Department Social & Rehab Services	93,232,588	101,008,975	97,432,602	99,646,029	194,241,581	197,078,631	2,837,070
Department of Family Services	29,364,536	29,852,793	30,336,231	28,975,394	59,217,321	59,310,625	93,304
Totals	\$453,868,142	\$452,794,707	\$482,147,489	\$438,123,204	\$906,862,649	\$820,270,673	\$13,607,824

## AGENCY BUDGETS BY FUND TYPE

### State Special Revenue Fund

The following table shows the state special revenue appropriations for all state agencies for fiscal 1992 and fiscal 1993 contained in House Bill 2 as approved during the 1991 regular session and as amended during the January 1992 special session. During the January 1992 special session, the legislature

reduced the Coal Board (Department of Commerce) appropriation from a state special revenue account (the local impact account) by \$2.1 million. Under current law, any unexpended balance in that account reverts to the school equalization account (SEA) at the end of the biennium, reducing the general fund supplemental needed in that account.

Agency Name	HB 2	HB 2	HB 2	HB 2	HB 2	HB 2	Special
	Regular Session Fiscal 1992	Regular Session Fiscal 1993	Special Session Fiscal 1992	Special Session Fiscal 1993	Regular Session Fiscal 92-93	Special Session Fiscal 92-93	Over (Under) Regular
Legislative Auditor	\$1,293,481	\$1,288,050	\$1,293,481	\$1,288,050	\$2,581,511	\$2,581,511	\$0
Legislative Council	1,064,196	505,483	1,064,196	505,483	1,569,679	1,569,679	0
Environmental Quality Council	28,451		28,451		28,451		0
Consumer Counsel	912,382	935,108	912,382	935,108	1,847,490	1,847,490	0
Judiciary	494,337	483,088	484,337	483,088	977,425	947,425	(30,000)
Governors Office	78,221	78,188	99,221	108,188	158,407	207,407	51,000
Secretary of States Office	178,432	175,298	178,432	175,298	351,730	351,730	0
State Auditors Office	501,444	500,768	501,444	542,818	1,002,210	1,044,080	41,850
Office of Public Instruction	4,378,187	4,295,782	4,378,187	4,295,782	8,873,949	8,873,949	0
Crime Control Division	558,939	553,308	558,939	553,308	1,110,247	1,110,247	0
Highway Traffic Safety	75,100	74,888	75,100	74,888	149,788	149,788	0
Department of Justice	14,330,972	13,758,831	14,330,972	13,758,831	28,089,803	28,089,803	0
Board of Public Education	72,927	71,527	79,436	78,036	144,454	157,472	13,018
School For The Deaf & Blind	170,000	170,000	190,000	190,000	340,000	380,000	40,000
Montana Arts Council	118,776	118,771	118,776	220,638	233,549	337,414	103,865
Library Commission	403,873	390,345	403,873	390,345	794,218	794,218	0
Historical Society	138,106	135,718	104,397	103,279	271,822	207,678	(84,148)
Department of Fish, Wildlife & Parks	23,019,438	20,072,989	23,019,438	20,072,989	43,082,405	43,082,405	0
Department Health & Environ Sciences	12,813,238	7,702,783	12,950,231	7,868,310	20,516,019	20,818,541	300,522
Department of Transportation	154,918,203	158,228,280	154,941,308	158,249,338	313,144,483	313,190,844	48,181
Department of State Lands	7,904,828	4,510,344	7,904,828	4,510,344	12,414,970	12,414,970	0
Department of Livestock	3,864,032	3,832,722	3,909,032	3,832,722	7,498,754	7,541,754	45,000
Department Nat Resource/Conservation	8,979,329	8,412,433	9,095,852	8,598,980	15,391,782	15,894,812	303,050
Department of Revenue	535,268	518,329	522,181	495,273	1,053,595	1,017,434	(36,181)
Department of Administration	748,344	757,323	748,344	757,323	1,503,867	1,503,867	0
State Comp. Mutual Ins. Fund	25,082	0	25,082	0	25,082	25,082	0
Department of Agriculture	4,748,216	4,857,878	4,748,216	4,857,878	9,808,094	9,808,094	0
Department of Corrections & Human Se	4,817,877	4,814,724	4,951,853	4,946,096	9,632,401	9,897,749	265,348
Department of Commerce	14,327,788	14,364,585	13,886,745	12,788,184	28,882,371	26,634,929	(2,057,442)
Department of Labor & Industry	2,818,842	2,772,985	2,818,842	2,772,985	5,591,827	5,591,827	0
Military Affairs	32,172	41,188	32,172	41,188	73,341	73,341	0
Department Social & Rehab Services	14,298,244	14,444,050	14,181,188	14,497,079	28,740,294	28,858,287	(82,027)
Department of Family Services	2,945,118	2,958,917	2,945,118	2,958,917	5,904,033	5,904,033	0
<b>Totals</b>	<b>\$281,579,413</b>	<b>\$289,800,418</b>	<b>\$281,411,810</b>	<b>\$288,708,257</b>	<b>\$551,179,829</b>	<b>\$550,119,867</b>	<b>(\$1,059,962)</b>

## AGENCY BUDGETS BY FUND TYPE

### Federal Funds

The following table shows the federal fund appropriations for all state agencies for fiscal 1992 and fiscal 1993 contained in House Bill 2 as approved during the 1991 regular session and as amended during the January 1992 special session.

During the January 1992 special session, the legislature approved supplementals

for the Department of Social and Rehabilitation Services (SRS) program, which increased federal fund appropriations by \$6.7 million. In addition, funding switches were approved in SRS and the Department of Family Services which reduced general fund and increased federal funds.

These increases were more than offset by decreased federal funds in SRS due to earlier implementation of managed care in the medicaid program and delaying several budget modifications.

Agency Name	HB 2 Regular Session Fiscal 1992	HB 2 Regular Session Fiscal 1993	HB 2 Special Session Fiscal 1992	HB 2 Special Session Fiscal 1993	HB 2 Regular Session Fiscal 92-93	HB 2 Special Session Fiscal 92-93	Special Over (Under) Regular
Governors Office	\$450,182	\$449,890	\$485,182	\$484,890	\$900,052	\$930,052	\$30,000
Office of Public Instruction	13,439,982	4,089,022	13,439,982	4,089,022	17,529,004	17,529,004	0
Crime Control Division	3,437,001	3,437,002	3,437,001	3,468,575	8,874,003	8,903,578	29,573
Highway Traffic Safety	905,627	903,504	905,627	903,504	1,809,131	1,809,131	0
Department of Justice	992,180	653,232	992,180	996,881	1,845,412	1,969,061	343,649
Public Service Regulation	25,137	25,113	25,137	25,113	50,250	50,250	0
Commissioner of Higher Education	7,574,975	7,550,485	7,574,975	7,550,485	15,125,440	15,125,440	0
School For The Deaf & Blind	185,482	185,447	165,482	165,447	330,929	330,929	0
Montana Arts Council	783,412	209,788	783,412	209,788	993,200	993,200	0
Library Commission	2,315,274	363,277	2,315,274	363,277	2,698,551	2,698,551	0
Montana Council On Vocational	189,662	185,650	189,662	185,650	335,332	335,332	0
Historical Society	827,563	599,100	634,081	807,594	1,228,663	1,241,675	15,012
Department of Fish, Wildlife & Parks	10,852,012	10,024,403	10,852,012	10,024,403	20,876,415	20,876,415	0
Department Health & Environ Sciences	34,382,520	34,979,318	34,382,520	34,979,316	69,371,836	69,371,836	0
Department of Transportation	148,301,579	147,152,855	148,301,579	147,152,855	293,454,434	293,454,434	0
Department of State Lands	9,808,543	9,738,175	9,752,543	9,882,175	19,548,718	19,434,718	(112,000)
Department of Livestock	274,596	274,913	294,596	294,913	549,511	589,511	40,000
Department Nat Resource/Conservation	8,442,456	1,554,381	8,472,456	1,554,381	9,996,837	10,026,837	30,000
Department of Revenue	297,789	297,581	297,789	297,581	595,370	595,370	0
Department of Agriculture	442,633	443,341	442,633	443,341	885,974	885,974	0
Department of Corrections & Human Se	4,961,583	4,348,366	5,071,946	4,442,346	9,329,951	9,514,296	184,345
Department of Commerce	23,756,525	23,780,816	23,756,525	23,780,816	47,539,343	47,539,343	0
Department of Labor & Industry	34,987,285	35,597,248	34,987,285	35,597,248	70,584,531	70,584,531	0
Military Affairs	3,745,888	3,733,480	3,745,888	3,773,480	7,479,146	7,519,146	40,000
Department Social & Rehab Services	278,470,680	293,903,883	280,214,872	289,082,850	572,374,563	589,277,722	(3,096,841)
Department of Family Services	16,462,105	16,658,907	16,633,733	17,257,568	33,319,012	34,091,299	772,287
Totals	\$604,104,453	\$601,317,157	\$608,328,156	\$597,371,479	\$1,205,421,810	\$1,203,697,635	(\$1,723,975)

## AGENCY BUDGETS BY FUND TYPE

### Proprietary Funds

The following table shows the proprietary fund appropriations for all state agencies for fiscal 1992 and

fiscal 1993 contained in House Bill 2 as approved during the 1991 regular session and as amended during the January 1992 special session.

Agency Name	HB 2 Regular Session Fiscal 1992	HB 2 Regular Session Fiscal 1993	HB 2 Special Session Fiscal 1992	HB 2 Special Session Fiscal 1993	HB 2 Regular Session Fiscal 92-93	HB 2 Special Session Fiscal 92-93	Special Over (Under) Regular
Secretary of States Office	\$149,582	\$138,588	\$149,582	\$138,588	\$288,150	\$288,150	\$0
State Auditors Office	331,332	332,858	331,332	332,858	884,188	884,188	0
Office of Public Instruction	958,815	887,460	958,815	887,460	1,844,275	1,844,275	0
Department of Justice	582,153	581,258	582,153	581,258	1,183,409	1,183,409	0
Public Service Regulation	19,397	19,380	19,397	19,380	38,777	38,777	0
Commissioner of Higher Education	13,899,932	18,184,457	13,899,932	18,184,457	30,084,389	30,084,389	0
Historical Society	504,152	505,867	535,861	536,304	1,010,019	1,074,185	84,146
Department of Fish, Wildlife & Parks	2,398,798	2,408,509	2,398,798	2,408,509	4,807,307	4,807,307	0
Department Health & Environ Sciences	1,443,725	1,388,048	1,443,725	1,388,048	2,829,771	2,829,771	0
Department of Transportation	14,219,475	13,907,439	14,219,475	13,907,439	28,128,914	28,128,914	0
Department of State Lands	188,024	185,811	188,024	185,811	373,835	373,835	0
Department of Revenue	1,217,891	1,129,480	1,217,891	1,129,480	2,347,171	2,347,171	0
Department of Administration	37,011,859	38,984,001	37,054,859	37,009,274	73,975,880	74,064,133	88,273
State Comp. Mutual Ins Fund	123,385,340	130,288,402	123,385,340	130,288,402	253,671,742	253,671,742	0
Department of Agriculture	11,198	11,251	11,198	11,251	22,449	22,449	0
Department of Corrections & Human Se	3,084,070	3,080,854	3,084,070	3,080,854	8,184,924	8,184,924	0
Department of Commerce	13,888,224	13,362,773	13,888,224	13,362,773	27,230,997	27,230,997	0
Department of Labor & Industry	3,299,888	3,188,193	3,299,888	3,188,193	6,485,881	6,485,881	0
Department Social & Rehab Services	2	1	2	1	3	3	0
Totals	\$218,571,437	\$224,558,424	\$218,648,146	\$224,834,134	\$441,127,881	\$441,280,280	\$152,419

## AGENCY BUDGETS BY FUND TYPE

### Other Funds

The following tables show the other appropriations from the capital projects funds, trust funds, and the current unrestricted fund in the university system for fiscal 1992 and fiscal 1993 contained in House Bill 2 as approved during the 1991 regular session and as amended during the January 1992 special session.

During the January 1992 special session, the legislature provided \$5.2 million in current unrestricted spending authority for the university system for tuition revenue, if the Board of Regents decided to increase tuition to offset a portion of the general fund budget reduction imposed during the special session.

### Capital Projects Fund

Agency Name	HB 2	HB 2	HB 2	HB 2	HB 2	HB 2	Special
	Regular Session Fiscal 1992	Regular Session Fiscal 1993	Special Session Fiscal 1992	Special Session Fiscal 1993	Regular Session Fiscal 92-93	Special Session Fiscal 92-93	Over (Under) Regular
Department of Fish, Wildlife & Parks	\$18,600	\$0	\$18,600	\$0	\$18,600	\$18,600	\$0
Department of Administration	773,667	784,648	773,667	784,648	1,558,315	1,558,315	0
Totals	792,267	784,648	792,267	784,648	1,576,915	1,576,915	0

### Expendable Trust

Agency Name	HB 2	HB 2	HB 2	HB 2	HB 2	HB 2	Special
	Regular Session Fiscal 1992	Regular Session Fiscal 1993	Special Session Fiscal 1992	Special Session Fiscal 1993	Regular Session Fiscal 92-93	Special Session Fiscal 92-93	Over (Under) Regular
Department of Agriculture	\$285,045	\$288,023	\$285,045	\$288,023	\$571,088	\$571,088	\$0

### Non-Expendable Trust

Agency Name	HB 2	HB 2	HB 2	HB 2	HB 2	HB 2	Special
	Regular Session Fiscal 1992	Regular Session Fiscal 1993	Special Session Fiscal 1992	Special Session Fiscal 1993	Regular Session Fiscal 92-93	Special Session Fiscal 92-93	Over (Under) Regular
Public Employees Retirement Bd	\$1,225,588	\$953,188	\$1,225,588	\$953,188	\$2,178,734	\$2,178,734	\$0
Teachers Retirement Board	685,703	589,602	685,703	589,602	1,235,305	1,235,305	0
Totals	1,891,271	1,522,768	1,891,271	1,522,788	3,414,039	3,414,039	0

### Current Unrestricted Fund

Agency Name	HB 2	HB 2	HB 2	HB 2	HB 2	HB 2	Special
	Regular Session Fiscal 1992	Regular Session Fiscal 1993	Special Session Fiscal 1992	Special Session Fiscal 1993	Regular Session Fiscal 92-93	Special Session Fiscal 92-93	Over (Under) Regular
Billings Vo Tech	682,368	888,881	682,368	888,881	1,371,247	1,371,247	0
Butte Vo Tech	351,978	353,473	351,978	353,473	705,451	705,451	0
Great Falls Vo Tech	831,365	834,024	831,365	834,024	1,285,409	1,285,409	0
Helena Vo Tech	549,089	551,207	549,089	551,207	1,100,298	1,100,298	0
Missoula Vo Tech	688,817	870,365	688,817	870,365	1,338,982	1,338,982	0
Commissioner of Higher Ed	0	0	0	5,178,780	0	5,178,780	5,178,780
University of Montana	15,878,874	15,781,230	15,878,874	15,781,230	31,440,104	31,440,104	0
Montana State University	18,883,845	18,775,370	18,883,845	18,775,370	33,459,215	33,459,215	0
Mont College of Min Sc & Tech	2,705,436	2,719,813	2,705,436	2,719,813	5,425,249	5,425,249	0
Eastern Montana College	5,480,077	5,512,245	5,480,077	5,512,245	10,992,322	10,992,322	0
Northern Montana College	2,491,845	2,507,008	2,491,845	2,507,008	4,998,853	4,998,853	0
Western Montana College	1,470,738	1,479,149	1,470,738	1,479,149	2,949,887	2,949,887	0
Agricultural Exper Station	2,518,720	2,501,351	2,518,720	2,501,351	5,018,071	5,018,071	0
Cooperative Extension Service	1,987,347	1,987,404	1,987,347	1,987,404	3,974,751	3,974,751	0
Bureau of Mines	48,410	48,411	48,410	48,411	92,821	92,821	0
Totals	51,942,747	52,187,911	51,942,747	52,368,871	104,130,858	109,309,418	5,178,780



## AGENCY BUDGETS BY FUND TYPE

### Total Funds

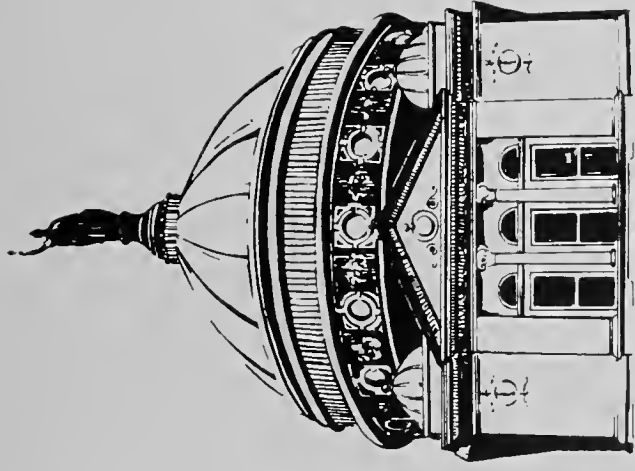
The following table shows the appropriation for all state agencies for fiscal 1992 and fiscal 1993 contained in House Bill 2 as approved during the 1991 regular session and as amended during the January 1992 special session.

Total appropriations in House Bill 2 increased \$16.2 million during the 1992 special session, due mainly to the general fund supplementals, and additional tuition revenue spending authority.

Agency Name	HB 2 Regular Session Fiscal 1992	HB 2 Regular Session Fiscal 1993	HB 2 Special Session Fiscal 1992	HB 2 Special Session Fiscal 1993	HB 2 Regular Session Fiscal 92-93	HB 2 Special Session Fiscal 92-93	Special Over (Under) Regular
Legislative Auditor	\$2,510,458	\$2,478,613	\$2,431,977	\$2,475,402	\$4,966,071	\$4,907,379	(\$61,892)
Legislative Fiscal Analyst	664,517	672,861	615,153	628,705	1,737,378	1,841,858	(95,520)
Legislative Council	3,156,644	2,524,738	3,029,060	2,416,130	5,881,382	5,445,190	(238,192)
Environmental Quality Council	311,824	283,275	303,966	275,875	595,199	579,841	(15,358)
Consumer Counsel	912,362	935,108	912,362	935,108	1,847,490	1,847,490	0
Judiciary	8,503,102	8,831,125	8,359,613	8,974,663	17,334,227	17,334,276	49
Governors Office	3,124,704	2,960,932	3,164,599	2,794,999	8,085,638	5,959,598	(126,038)
Secretary of States Office	1,535,047	1,464,154	1,465,047	1,439,154	2,999,201	2,904,201	(95,000)
Commissioner of Political Practice	169,704	113,521	152,548	113,521	263,225	268,069	(17,156)
State Auditors Office	2,954,420	2,778,438	2,834,183	2,883,285	5,732,658	5,497,426	(235,430)
Office of Public Instruction	88,823,230	53,290,412	90,591,788	53,080,022	120,113,642	143,671,808	23,558,166
Billings Vo Tech	1,921,946	1,667,761	1,912,173	1,806,238	3,809,727	3,716,409	(91,318)
Butte Vo Tech	1,811,590	1,616,933	1,800,247	1,729,455	3,628,523	3,529,702	(98,821)
Great Falls Vo Tech	2,209,699	2,220,035	2,197,379	2,109,459	4,429,934	4,306,636	(123,098)
Helena Vo Tech	2,574,433	2,499,978	2,558,645	2,384,144	5,074,411	4,942,789	(131,622)
Missoula Vo Tech	2,720,523	2,623,289	2,704,422	2,506,879	5,343,812	5,213,301	(130,511)
Crime Control Division	4,480,584	4,492,348	4,440,037	4,478,948	8,972,930	8,916,963	(53,947)
Highway Traffic Safety	1,179,727	1,177,190	1,163,807	1,181,270	2,356,917	2,325,077	(31,840)
Department of Justice	27,540,951	26,619,040	26,854,298	26,204,930	54,159,991	53,059,228	(1,100,763)
Public Service Regulation	2,141,520	1,993,621	2,141,520	1,993,621	4,135,141	4,135,141	0
Board of Public Education	191,829	185,526	186,377	182,494	377,157	370,671	(6,286)
Commissioner of Higher Ed	32,366,430	34,674,320	31,653,663	39,746,526	67,243,750	71,600,409	4,356,659
University of Montana	44,850,824	44,725,145	44,399,641	42,053,134	69,575,969	66,452,775	(3,123,194)
Montana State University	53,430,243	53,117,624	52,878,963	50,246,715	106,547,867	103,123,698	(3,424,169)
Mont College of Min Sc & Tech	10,134,610	10,058,016	10,018,468	9,545,717	20,190,628	19,564,205	(626,421)
Eastern Montana College	16,414,458	16,157,880	16,244,376	15,302,369	32,572,318	31,546,745	(1,025,573)
Northern Montana College	8,821,172	8,543,537	8,524,978	8,155,725	17,164,709	16,680,703	(484,006)
Western Montana College	4,981,568	4,915,429	4,926,084	4,664,774	9,897,017	9,590,858	(306,159)
Agricultural Exper Station	9,854,802	9,859,968	9,737,363	9,845,147	19,714,768	19,382,530	(332,238)
Cooperative Extension Service	4,765,351	4,757,344	4,720,805	4,674,936	9,522,895	9,395,541	(127,154)
Forestry & Cons Exper Station	711,138	711,940	700,070	875,404	1,423,078	1,375,474	(47,604)
Bureau of Mines	1,334,903	1,335,795	1,314,849	1,315,623	2,670,698	2,630,472	(40,226)
School For The Deaf & Blind	2,955,511	2,917,116	2,918,632	2,670,583	5,872,627	5,769,195	(83,432)
Montana Arts Council	1,039,703	446,480	1,031,843	441,962	1,466,183	1,473,625	(14,368)
Library Commission	3,973,991	1,768,858	3,849,391	1,735,377	5,740,649	5,584,788	(155,861)
Montana Council On Vocational	169,662	165,660	169,662	165,660	335,332	335,332	0
Historical Society	2,539,699	2,468,330	2,508,592	2,458,425	5,008,229	4,965,017	(43,212)
Fire Services Training School	236,604	219,064	234,966	212,622	457,668	447,606	(10,260)
Department of Fish, Wildlife & Parks	38,711,901	32,928,945	36,677,442	32,694,106	69,640,646	69,571,550	(69,296)
Department Health & Environ Sciences	52,256,125	47,667,513	52,113,089	47,439,406	99,923,636	99,552,497	(371,141)
Department of Transportation	318,024,781	319,669,001	316,000,072	319,650,704	635,663,782	635,660,778	(33,008)
Department of State Lands	28,860,467	23,066,734	31,903,408	22,609,371	49,946,201	54,512,777	4,566,576
Department of Livestock	4,916,303	4,680,517	4,916,303	4,680,517	9,596,820	9,596,820	0
Department Nat Resource/Conservation	22,070,753	12,526,012	21,668,525	12,383,196	34,596,765	34,071,721	(525,044)
Department of Revenue	20,686,626	20,779,806	20,744,842	20,622,139	41,666,432	41,366,981	(299,451)
Department of Administration	41,960,207	41,862,846	41,803,394	41,702,069	83,843,053	83,505,483	(337,590)
State Comp. Mutual Ins. Fund	123,410,422	130,268,402	123,410,422	130,268,402	253,696,824	253,696,824	0
Public Employees Retirement Bd	1,225,568	953,166	1,225,568	953,166	2,178,734	2,178,734	0
Teachers Retirement Board	665,703	569,602	665,703	569,602	1,235,305	1,235,305	0
Department of Agriculture	6,678,888	6,631,745	6,578,958	6,542,111	13,310,833	13,121,069	(189,564)
Department Corrections & Human Ser	63,943,341	81,012,685	83,910,936	81,258,596	164,968,028	165,169,534	213,506
Department of Commerce	54,761,548	54,235,924	54,118,321	52,404,626	108,997,472	108,520,949	(2,476,523)
Department of Labor & Industry	41,667,943	42,266,976	41,628,936	42,247,205	84,154,919	84,078,143	(78,778)
Military Affairs	5,977,865	5,768,472	5,664,381	5,693,159	11,748,357	11,577,540	(168,817)
Department Social & Rehab Services	385,999,512	409,358,909	391,808,684	403,205,959	795,366,421	795,014,623	(341,798)
Department of Family Services	48,771,759	49,666,607	50,114,080	49,191,877	98,440,366	99,305,957	665,591
Totals	\$1,611,034,775	\$1,603,050,054	\$1,641,442,711	\$1,568,797,184	\$3,214,084,829	\$3,230,239,665	\$16,155,066







# GENERAL GOVERNMENT AND TRANSPORTATION



## LEGISLATIVE AUDITOR

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	67.50	67.50		67.50	67.50	67.50		67.50
Personal Services	2,111,654	2,053,121	115,157	2,168,278	2,114,350	2,111,139	188,795	2,299,934
Operating Expenses	355,736	335,788	0	335,788	306,634	306,634	0	306,634
Equipment	43,068	43,068	0	43,068	57,629	57,629	0	57,629
Total Costs	\$2,510,458	\$2,431,977	\$115,157	\$2,547,134	\$2,478,613	\$2,475,402	\$188,795	\$2,664,197
Fund Sources								
General Fund	1,216,997	1,138,516	55,321	1,193,837	1,210,563	1,207,352	90,697	1,298,049
State Revenue Fund	1,293,461	1,293,461	59,836	1,353,297	1,268,050	1,268,050	98,098	1,366,148
Total Funds	\$2,510,458	\$2,431,977	\$115,157	\$2,547,134	\$2,478,613	\$2,475,402	\$188,795	\$2,664,197

## Agency Description

The Office of the Legislative Auditor, established in 1967, is governed by the Legislative Audit Act, contained in Title 5, Chapter 13, MCA. Article V, Section 10(4) of the Montana Constitution mandates a legislative post-audit function. The office works under the supervision of the Legislative Audit Committee.

The agency is divided into three functional areas: 1) Financial-Compliance Audits; 2) Performance Audits; and 3) Operations/Electronic Data Processing (EDP) Audits. The Financial-Compliance section performs biennial audits of all state agencies, an annual statewide financial audit, and biennial federal single audit. The Performance Audit section conducts audits of state agencies to determine program effectiveness, efficiency, and compliance with established laws, rules, goals, and objectives. Legislatively requested audits and performance audits are conducted to determine effectiveness, efficiency, and compliance with laws, rules, goals, and objectives. EDP audits are evaluations of data processing systems and controls and are conducted independently and in conjunction with financial-compliance and performance audits.

## LEGISLATIVE AUDITOR

## Special Session Action

		Executive Budget Proposal		Legislative Budget Action	
		=====		=====	
Description	Pgm	Fiscal 1992		Fiscal 1993	
		General Fund	Other Funds	General Fund	Other Funds
House Bill 2					
1 Operational Reduction	NA	<u>(\$59,969)</u>		<u>(\$78,481)</u>	<u>(\$3,211)</u>
Sub-Totals		(59,969)		(78,481)	(3,211)
Other					
2 Fund Balance Transfer (HB 2)	NA	(22,159)		(22,159)	(10,200)
3 Increased Revenue (HB 2)	NA				<u>(33,140)</u>
Sub-Totals		(22,159)		(22,159)	(43,340)
Grand Totals		(\$82,128)		(\$100,640)	(\$46,551)

1) Operational Reduction - The legislature approved general fund expenditure reductions of \$78,481 in fiscal 1992 and \$3,211 in fiscal 1993. The fiscal 1992 reduction will be met by decreasing personal services by \$58,533 and operating expenses by \$19,948, while the entire fiscal 1993 reduction will be in personal services.

2) Fund Balance Transfer - In fiscal 1992, the agency will transfer \$22,159 to the general fund from the legislative audit-state special revenue account, which receives fees collected from agencies for statutorily mandated audits.

Prior to the end of fiscal 1993, the agency will deposit \$10,200 in the general fund from special audits at Mountain View School and the Secretary of State.

3) Increased Revenue - The Legislative Auditor will ensure that state agencies deposit \$33,140 in the general fund in fiscal 1993. These funds are delinquent bond assessment fees that partially support the statewide audit.

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## LEGISLATIVE AUDITOR

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### Language

The 1992 special session added the following language to House Bill 2:

"The Legislative Auditor shall transfer to the general fund from state agency audit fees \$22,159 in fiscal 1992."

"The Legislative Auditor shall transfer to the general fund from special audit reimbursements \$10,200 in fiscal 1993."

"The Legislative Auditor shall work with agencies to ensure that \$33,140 of bond assessment fees is deposited in the general fund in fiscal 1993."

### Budget as Approved by the Regular 1991 Legislative Session

The budget increases primarily due to nine budget modifications discussed below. When the budget modifications and the general budget reductions discussed below are excluded, there is a 6.8 percent increase in current level costs.

The legislature implemented a 0.5 percent reduction in the agency's total general fund budget for both years of the biennium which is reflected in the table above: \$5,668 in fiscal 1992 and \$5,637 in fiscal 1993.

Personal services increase due to: 1) the addition of 7.5 FTE in Budget Modifications #1, 7, 8, and 9; 2) vacancy savings experienced in fiscal 1990; and 3) continuation of the fiscal 1991 pay plan in the 1993 biennium.

Because the pay plan bill didn't contain funding for the market base adjustment for exempt staff, the legislature eliminated the 4 percent personal services reduction for this agency to enable it to provide this increase to staff.

Operating costs increase primarily due to the budget modifications discussed below. Increases in current level are for hiring audit consultants, travel, training costs for new continuing education requirements, and new computer network fees.

The equipment budget is for replacing older computer equipment and the adoption of an equipment replacement plan.

## LEGISLATIVE AUDITOR

## Summary of Budget Modifications

		PGM	FTE	FY 1992-		FY 1993-		Other Funds	
				General Fund		General Fund			
1	Additional Audit Staff	01	4.50		\$117,631	4.50	\$117,376		
2	Legislative Automation Plan	01		\$6,401	6,151		12,208		
3	Adjusted Cost Estimates	01		12,476	11,987		3,883		
4	Sunrise Application Evaluation	01					5,000		
5	Senate Bill 264-Actuarial Eval	01							
6	Audits Of School-Related Org	01			20,000				
7	Privatization Alternatives	01	1.00	24,837	4,000	1.00	24,778		
8	New Audit Work - Addtnl Staff	01	1.00	24,837		1.00	24,778		
9	State Compensation Mutual Ins.	01	1.00		24,837	1.00		24,778	
Totals			7.50	\$68,551	\$184,606	7.50	\$66,302	\$163,245	

1) Additional Audit Staff - This modification adds 4.5 FTE to meet increased agency audit requirements since the present 60.0 FTE level was established in fiscal 1985. It is funded by state special revenue at a cost of \$235,007 for the biennium.

2) Legislative Branch Automation Plan - This modification provides \$37,466 to implement the agency's portion of the Legislative Branch Automation Plan. This automation plan was adopted by a legislative branch planning council created by the 1989 legislature (House Bill 496) to conduct planning and assure coordination of information systems in the legislative branch. This modification will be funded 51 percent by general fund and 49 percent by state special revenue.

3) Adjusted Cost Estimates - Increased operating costs of \$32,386 are added for a periodic peer review required by Government Auditing Standards, an actuarial review of the State Compensation Fund, and increased data processing volume for audits. This modification also reflects a decrease in printing costs. It is funded 51 percent by general fund and 49 percent by state special revenue.

4) Sunrise Application Evaluations - This modification provides budget authority for the Legislative Auditor to conduct "sunrise" reviews to assess the merits of proposals to expand or establish new occupational or professional licensing boards, in accordance with 2-8-303, MCA. The reviews are funded by fees paid by applicants, and this modification provides spending authority to the Legislative Auditor to conduct the reviews.

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## LEGISLATIVE AUDITOR

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- 5) Senate Bill 264 - Actuarial Evaluation - This modification provides budget authority for the Legislative Auditor to contract for an actuarial evaluation of the past service liability of teachers' retirement system members of the Montana University System, in accordance with Senate Bill 264. The Auditor is to report his findings to the 1993 legislature.
- 6) Audits of School-Related Organizations - This modification adds contract services authority in the state special revenue fund, allowing the Legislative Auditor to contract for the performance of at least one audit of a school related organization.
- 7) Added Audit Staff--Privatization Alternatives - This modification adds 1.0 FTE to carry out provisions of House Bill 857 requiring a privatization plan review by the Legislative Audit Committee of all privatization proposals.
- 8) Added Staff--New Audit Work - This modification adds 1.0 FTE to complete additional audit work due to legislation passed by the 1991 legislature. The additional audit work is primarily related to one-time audits, reviews, and studies.
- 9) Added Staff--State Compensation Mutual Insurance Fund - This modification adds 1.0 FTE to conduct additional audit work on the State Compensation Mutual Insurance Fund as required by House Bill 995.

### Funding

The Legislative Auditor is funded from two sources. General fund is appropriated to the agency for performance audits, financial audits, contract audits, legislative requests, and administration of the agency. Revenues from fees charged to audited agencies are placed in a state special revenue account and used to fund the costs of the audits.

## LEGISLATIVE FISCAL ANALYST

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	17.50	17.50		17.50	18.00	18.00		18.00
Personal Services	709,034	672,648	29,486	702,134	717,944	692,882	49,742	742,624
Operating Expenses	152,983	141,344	0	141,344	152,417	132,823	0	132,823
Equipment	2,500	1,161	0	1,161	2,500	1,000	0	1,000
Total Costs	\$864,517	\$815,153	\$29,486	\$844,639	\$872,861	\$826,705	\$49,742	\$876,447
<u>Fund Sources</u>								
General Fund	864,517	815,153	29,486	844,639	872,861	826,705	49,742	876,447
Total Funds	\$864,517	\$815,153	\$29,486	\$844,639	\$872,861	\$826,705	\$49,742	\$876,447

## Agency Description

The Office of the Legislative Fiscal Analyst (LFA) was established in 1974 to provide concentrated fiscal analysis of state government and to accumulate, compile, analyze, and furnish information bearing upon the financial matters of the state and policy issues of statewide importance. The duties of the office are provided in the Legislative Finance Act (Title 5, Chapter 12, MCA), which also established the Legislative Finance Committee.



## LEGISLATIVE FISCAL ANALYST

## Special Session Action

		Executive Budget Proposal		Legislative Budget Action					
		=====		=====					
Description	Pgm	Fiscal 1992		Fiscal 1993		Fiscal 1992		Fiscal 1993	
		General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
House Bill 2									
1 Legislative Contingencies	NA	(\$800)				(\$1,300)			
2 Legislative Requests	NA	(800)				(1,300)			
3 Operational Reductions	NA	<u>(46,764)</u>		<u>(\$73,808)</u>		<u>(46,764)</u>		<u>(\$46,156)</u>	
Sub-Totals		(48,364)		(73,808)		(49,364)		(46,156)	
Other Appropriation Bills									
4 HB 142 - Postsecondary Ed.	NA	<u>(2,640)</u>				<u>(4,290)</u>			
Sub-Totals		(2,640)				(4,290)			
Grand Totals		(\$51,004)		(\$73,808)		(\$53,654)		(\$46,156)	

1) Legislative Contingencies - The \$20,000 biennial appropriation for legislative contingencies will be reduced by \$1,300 in fiscal 1992.

2) Legislative Requests Modification - The legislature approved the reduction of this \$20,000 biennial budget modification by \$1,300 in fiscal 1992.

3) Operational Reductions - Expenditures will be reduced by \$46,764 in fiscal 1992 by decreasing: 1) personal services by \$36,386, which will be achieved by holding an analyst position vacant for four months and a 0.5 secretarial position vacant the whole year; 2) operating expenses by \$9,039; and 3) equipment by \$1,339. The legislature approved a fiscal 1993 reduction of \$46,156 consisting of: 1) \$25,062 in personal services; 2) \$19,594 in operating expenses; and 3) \$1,500 in equipment.

## LEGISLATIVE FISCAL ANALYST

4) HB 142 - Postsecondary Education Study - The legislature approved expenditure reductions of \$2,640 in fiscal 1992 and \$1,650 in fiscal 1993 from this \$66,000 biennial appropriation. However, due to the fact that all biennial appropriations are budgeted in the first year of the biennium, the total reduction (\$4,290) is shown in fiscal 1992.

### Budget as Approved by the Regular 1991 Legislative Session

The budget increases primarily due to the budget modification discussed below, the addition of computer network fees charged by the Department of Administration, and fiscal 1990 operating expenditures that were substantially lower than normal due to a change of directors and staff turnover during the year.

The legislature implemented a 0.5 percent reduction in the agency's total general fund budget for both years of the biennium which is reflected in the table above: \$4,221 in fiscal 1992 and \$4,260 in fiscal 1993.

Personal services increase due to a significant vacancy savings in fiscal 1990 and continuation of the fiscal 1991 pay plan in the 1993 biennium.

Operating expenses are higher than fiscal 1990 expenditures, but are below 1991 biennium appropriated levels (\$869,537) due to reductions in staff travel and computer consultant costs. Included in fiscal 1992 operating expenses are biennial appropriations of \$20,000 for legislative contingencies and \$20,000 for legislative requests (see budget modification #1 discussed below). The \$20,000 biennial appropriation for legislative contingencies is a line-item appropriation to address unforeseen issues that may confront the legislature. New network fees add \$10,080 per year to operating costs. When biennial appropriations are excluded, fiscal 1993 operating expenses are higher, due to increased activity in a session year.

The equipment budget is for replacement of minor office equipment. Debt service payments for a copier ended in fiscal 1990.

### Summary of Budget Modifications

		FY 1992-		FY 1993-		
PGM	FTE	General Fund	Other Funds	FTE	General Fund	Other Funds
1 Legislative Requests	01		<u>\$18,700</u>			
Totals			\$18,700			

## LEGISLATIVE FISCAL ANALYST

1) Legislative Requests - This modification provided a \$20,000 line-item, biennial appropriation for increased data processing costs. However, it was reduced to \$18,700 during the special session as part of the budget reduction. Costs have increased due to more computer processing associated with legislative requests and due to the development of an improved budget and network computer system. This appropriation will be used only for legislative request computer processing, with any funds not used for that purpose to revert to the general fund.

### Funding

The Office of the Legislative Fiscal Analyst is funded entirely by general fund.

### Other Legislation

In addition to the appropriations in House Bill 2, the Office of the Legislative Fiscal Analyst received an appropriation in House Bill 142, as discussed below. This appropriation is not included in the main table.

<u>Bill No./Description</u>	<u>Fiscal 1992</u>		<u>Fiscal 1993</u>	
	<u>FTE</u>	<u>General Fund</u>	<u>FTE</u>	<u>General Fund</u>
HB 142 - Postsecondary Education	0.0	\$61,710	0.0	\$0
<u>*Biennial Appropriation</u>		<u>Total Funds</u>		<u>Total Funds</u>
		\$61,710*		\$0

HB 142 - Postsecondary Education Study - The legislature created a statutory Joint Committee on Postsecondary Education Policy and Budget in House Bill 142, and appropriated \$66,000 general fund for the biennium to the Office of the Legislative Fiscal Analyst for use by the committee. The appropriation included \$26,000 of printing, travel, per diem, and administrative costs, and \$40,000 for consultant costs. In the 1992 special session, the legislature approved reducing this biennial appropriation by \$4,290.

## LEGISLATIVE COUNCIL

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	45.70	45.70		45.70	53.70	53.70		53.70
Personal Services	1,512,765	1,497,765	76,834	1,574,599	1,643,654	1,591,126	152,898	1,744,024
Operating Expenses	1,481,931	1,398,347	0	1,398,347	758,582	716,502	0	716,502
Equipment	161,948	132,948	0	132,948	122,502	108,502	0	108,502
Total Costs	\$3,156,644	\$3,029,060	\$76,834	\$3,105,894	\$2,524,738	\$2,416,130	\$152,898	\$2,569,028
Fund Sources								
General Fund	2,092,448	1,964,864	76,834	2,041,698	2,019,255	1,910,647	152,898	2,063,545
State Revenue Fund	1,064,196	1,064,196	0	1,064,196	505,483	505,483	0	505,483
Total Funds	\$3,156,644	\$3,029,060	\$76,834	\$3,105,894	\$2,524,738	\$2,416,130	\$152,898	\$2,569,028

## Agency Description

The Legislative Council provides a variety of support services to the legislature under the general supervision of an eight-member bipartisan committee composed of four members of the House of Representatives and four members of the Senate. Council services include: bill drafting and the engrossing and enrolling of bills; printing and distribution of legislative proceedings, session laws, and journals of the House and Senate; provision of legislative research and reference services; legal counseling for the legislature; committee staffing; provision of interim investigation authority; service as the agency of interstate cooperation; preparation and publication of the Montana Code Annotated statute text and annotations; review of the text of proposed ballot measures and proposed administrative rules; and other services as assigned by the legislature.

## LEGISLATIVE COUNCIL

## Special Session Action

		Executive Budget Proposal		Fiscal 1993		Fiscal 1992		Fiscal 1993		Fiscal 1992		Fiscal 1993		Fiscal 1992		Fiscal 1993		Fiscal 1992		Fiscal 1993	
		General Fund		General Fund		Other Funds		General Fund		Other Funds		General Fund		Other Funds		General Fund		Other Funds		General Fund	
		Pgm		Pgm																	
House Bill 2																					
1	Operational Reduction	05																			
2	State Aircraft Study	05																			
3	Base Pay Adjustment	10																			
4	Legislative Computer Network	10																			
5	One Added FTE	10																			
6	Operational Reduction	10																			
7	Reapportionment Tech. Support	10																			
Sub-Totals																					
Other Appropriation Bills																					
8	HB 966 - Galen/Warm Springs	NA																			
Sub-Totals																					
Grand Totals																					

1) Operational Reduction - The Interim Studies program will reduce operating expenses by \$37,361 in fiscal 1992, primarily in travel and contracted services.

2) State Aircraft Study - The legislature approved a \$12,000 addition to the Interim Studies program in fiscal 1992, to study the most economical means of managing the state's aircraft fleet.

## LEGISLATIVE COUNCIL

- 3) Base Pay Adjustment - The legislature approved the reduction of the Base Pay Adjustment modification in the Council operations program by \$25,349 in fiscal 1993, leaving a balance of \$5,000 in the modification for that year.
- 4) Legislative Computer Network - The Council Operations program will reduce expenditures authorized in this modification by \$25,000 in fiscal 1992 and \$14,000 in fiscal 1993. The 1992 reduction will consist of: 1) a \$15,000 decrease in personal services; and 2) a \$10,000 decrease in equipment, while the 1993 reduction consists entirely of decreased equipment purchases.
- 5) One Added FTE - The legislature approved the reduction of personal services in Council operations by \$27,179 in fiscal 1993, which eliminates fiscal 1993 funding for the 1.0 FTE programmer analyst authorized in this budget modification.
- 6) Operational Reduction - The Legislative Council Operations program will reduce spending by \$42,223 in fiscal 1992 and \$42,080 in fiscal 1993. The 1992 reduction includes: 1) a \$23,223 decrease in operating expenses; and 2) a \$19,000 decrease in equipment purchases, while the 1993 reduction will be made in operating expenses.
- 7) Reapportionment Technical Support - In fiscal 1992, the Council Operations program will reduce expenditures from this modification by \$35,000, which will be taken entirely from operating expenses, leaving a balance of \$103,486 in the modification for that year.
- 8) HB 966 - Gallen/Warm Springs Study - The Council will reduce expenditures from this \$37,000 biennial appropriation for study committee expenses by \$2,960 in fiscal 1992.

### Language

The legislature added the following language to House Bill 2 during the special session:

"[Interim Studies and Conferences] includes \$12,000 for an interim study of state-owned aircraft to determine the most economical method of managing the aircraft. The Committee on Committees of the Senate and the Speaker of the House of Representatives shall, respectively, appoint four senators and four representatives, two from each party, to serve on the aircraft study interim committee."

"The unobligated portions of the appropriations in Chapter 1, Special Laws of January 1992, are on March 1, 1992, reappropriated to the Legislative Council and may be spent for an interim study upon unanimous agreement of the President of the Senate, Senate Minority Leader, Speaker of the House, and House Minority Leader. The leaders may determine the membership and scope of the interim committees."

### Budget as Approved by the Regular 1991 Legislative Session

While the appropriations for the Legislative Council show a 42.6 percent budget increase from fiscal 1990 to 1992, this is somewhat misleading since the fiscal 1992 figure includes biennial appropriations. When comparing the 1991 biennium to the 1993 biennium, the agency budget increases 19.1 percent. The biennial increase is primarily due to: 1) the four budget modifications; 2) a 27 percent

## LEGISLATIVE COUNCIL

biennial increase in Interim Studies and Conferences; and 3) an increase in data processing costs in the Reimbursable Activities and Legislative Council Operations programs.

The legislature implemented a 0.5 percent (\$20,770) reduction in the agency's total general fund budget for both years of the biennium (\$10,918 in fiscal 1992 and \$9,852 in fiscal 1993).

Because the pay plan bill (House Bill 509) did not contain funding for the market base adjustment for exempt staff, the legislature eliminated the 4 percent personal services reduction for this agency to enable it to provide this increase to staff.

### Summary of Budget Modifications

	FY 1992-		FY 1993-				
	PGM	FTE	General Fund	Other Funds	FTE	General Fund	Other Funds
1 1991 Base Pay Adjustment	10		\$34,161			\$5,000	
2 One Added FTE	10	1.00	23,865		1.00	11,213	
3 Reapportionment Tech Support	10		103,486			70,166	
4 Legislative Computer Network	10	1.00	69,530		1.00		
Totals		2.00	\$231,042		2.00	\$86,379	

1) 1991 Base Pay Adjustment - This modification funds a fiscal 1991 staff pay plan increase adopted by the Legislative Council but not included in the 1993 biennium budget base. During the January, 1992 special session, the legislature reduced the fiscal 1993 appropriation from \$30,349 to \$5,000.

2) One Added FTE - The 1991 legislature approved the addition of a 1.0 FTE programmer analyst for Legislative Council computer systems, but eliminated fiscal 1993 funding for it (\$27,179) during the special session.

3) Reapportionment Technical Support - This modification funds the acquisition of computer equipment, software, data preparation, and training to enable staff of the Montana Districting and Apportionment Commission to use available census data to assist in reapportionment. In subsequent years, the system will be used in other geographical analyses. During the January, 1992 special session, the legislature reduced the original fiscal 1992 appropriation (\$138,486) by \$35,000.

4) Legislative Branch Computer Network - This modification, originally for \$94,530 in fiscal 1992 and \$84,166 in fiscal 1993, provides funds and 1.0 FTE to support legislative branch computer network centralization. During the 1992 special session, the legislature reduced the original appropriations by \$25,000 in 1992 and \$14,000 in 1993.

## LEGISLATIVE COUNCIL

### Funding

State special revenue funds the Reimbursable Activities program and a portion of the Legislative Council Operations program, with revenues from the sale of reimbursable items, including the Montana Code Annotated. Coal tax state special revenues also fund a portion of the Regional Conferences budget in the Interim Studies and Conferences program. The remainder of the Legislative Council budget is supported by general fund.

### Other Legislation

In addition to the appropriations in House Bill 2, the Legislative Council received a language appropriation in House Bill 2 and appropriations in three other bills, as discussed below. These appropriations are not included in the main table.

During the 1992 special session, the Legislative Council received an additional language appropriation in House Bill 2 to perform an interim study on solutions to the state's structural fiscal problems. Unexpended funds from the special session feed bill are reappropriated to fund the study. Because the amount of unexpended funds was unknown at the end of the special session, no dollar amount for the appropriation is included in either House Bill 2 or the main table above.

Bill No./Description	Fiscal 1992		Fiscal 1993	
	FTE	General Fund	FTE	General Fund
HB 251 - Joint Comm. on Work. Comp.		\$0		\$0
HB 508 - Pac. NW Econ. Region Conf.		0		0
HB 966 - Galen/Warm Springs Study		34,040		0
HJR 50 - Retirement Systems Study		0	(1)	0
Totals	0.00	\$34,040	0.00	\$0

\* Biennial Appropriation

(1) Language Appropriation in House Bill 2

HB 251 - Joint Select Commission on Workers' Compensation - The legislature appropriated \$70,000 for the biennium from the workers's compensation tax account to the Legislative Council, for use by the Joint Select Committee on Workers' Compensation to provide actuarial consulting services and to conduct a study monitoring the functions of the state Workers' Compensation system.

HB 508 - Pacific Northwest Economic Region Conference - The 1991 legislature established Montana as a member of the Pacific Northwest Economic Region and appropriated the remaining balance in the Weather Modification state special revenue fund for operating costs of



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## LEGISLATIVE COUNCIL

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participation in the Conference. The estimated balance available from the Weather Modification account is \$7,346. In addition to these funds, the legislature appropriated an additional \$20,000 general fund for the biennium in House Bill 2 for the Conference.

HB 966 - Galen/Warm Springs Study - The 1991 legislature appropriated \$37,000 general fund for the biennium to create a Committee on the Montana State Hospital at Galen and Warm Springs, but the 1992 special session legislature reduced that appropriation by \$2,960. The committee is to conduct a study of past, current, and potential future uses of the Montana State Hospital and to report the study's findings to the 53rd Legislature.

HJR 50 - Retirement Systems Study - The legislature passed a joint resolution of both houses requesting an interim study of the public employee retirement systems and requiring that the study be funded from the investment earnings of the various retirement system trust funds through an appropriation in House Bill 2. A language appropriation of \$30,000 for the biennium was included in House Bill 2 to complete the study utilizing retirement trust funds in proportion to the membership size in each fund.

## INTERIM STUDIES & CONFERENCES

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	2.00	2.00		2.00	.00	.00		.00
Personal Services	77,159	77,159	0	77,159	0	0	0	0
Operating Expenses	404,248	378,887	0	378,887	0	0	0	0
Total Costs	\$481,407	\$456,046	\$0	\$456,046	\$0	\$0	\$0	\$0
<u>Fund Sources</u>								
General Fund	469,407	444,046	0	444,046	0	0	0	0
State Revenue Fund	12,000	12,000	0	12,000	0	0	0	0
Total Funds	\$481,407	\$456,046	\$0	\$456,046	\$0	\$0	\$0	\$0

### Program Description

The Interim Studies and Conferences program exists to process and monitor the expenditures of the various legislative interim committees and conferences. Included in the program are: 1) limited support of interim studies activities established under Sections 5-5-202 through 5-5-217, MCA; 2) support of interstate cooperation activities of the legislature; and 3) support of other legislative activities for which appropriations are made.

### Special Session Action

As indicated in the Special Session Action section at the agency level, during the January, 1992 special session, the legislature made two changes to this program in fiscal 1992: 1) reduced operations by \$37,361; and 2) added \$12,000 for an aircraft study.

The legislature also added language to House Bill 2: 1) mandating an interim study on state aircraft; and 2) appropriating unexpended special session feed bill funds for an interim study on the state's fiscal situation.

Table 1 below, which includes special session action, provides a 1991 biennium to 1993 biennium appropriation comparison for the Interim Studies and Conferences program.

# INTERIM STUDIES & CONFERENCES

Table 1  
Interim Studies and Conferences  
Comparison - 1991 Biennium Appropriation to 1993 Biennium Budget

	1991 Biennium	1993 Biennium	Increase/ (Decrease)
FTE	2.0	2.0	0.0
<u>Interim Standing or Temporary Committees</u>			
Joint Interim Committees			
Statewide Issues (5-11-105(1), MCA)	\$45,600	\$82,470	\$36,870
Districting and Apportionment Commission	10,000	25,000	15,000
State-Owned Aircraft Study	6,287	43,000	36,713
	0	12,000	12,000
<u>Permanent Statutory Committees</u>			
Revenue Oversight Committee	30,000	37,983	7,983
Coal Tax Oversight Committee	12,000	0	(12,000)
Administrative Code Committee	14,000	14,048	48
Select Committee on Indian Affairs	6,000	7,200	1,200
<u>Interstate Cooperation</u>			
National Conference of State Legislatures			
Salary	10,134	14,458	4,324
Dues	76,717	118,608	41,891
Travel	32,850	56,640	23,790
Council of State Governments			
Salary	10,134	0	(10,134)
Dues	66,525	0	(66,525)
Travel	32,850	0	(32,850)
Commission on Uniform State Laws	0	30,000	30,000
Northwest Economic Region Conference	0	20,000	20,000
Five-State Biennial Conference	16,498	0	(16,498)
MT-Western Canadian Boundary Committee	2,000	0	(2,000)
Forestry Task Force	8,000	0	(8,000)
Regional Conferences	0	32,000	32,000
SUBTOTAL	379,595	493,407	113,812
Less Special Session Budget Reduction		(37,361)	(37,361)
TOTAL EXPENSES	\$379,595	\$456,046	\$76,451
Funding			
General Fund	367,595	444,046	76,451
State Special Revenue Fund	12,000	12,000	0
Total Funding	\$379,595	\$456,046	\$76,451

## INTERIM STUDIES & CONFERENCES

Dues for the National Conference of State Legislatures (NCSL) are budgeted at 100 percent of the assessment made by the association. This compares to an allocation of 75 percent of the proposed assessment in the 1991 biennium. Funding for the Council of State Governments and the Coal Tax Oversight Subcommittee has been eliminated, although language in House Bill 2 specifies that the Revenue Oversight Committee may use part of its appropriation to fund the Coal Tax Oversight Subcommittee. Further, as discussed under "Legislative Intent", separate budgets for individual regional conferences have been replaced with a Regional Conferences budget, intended to be allocated by the Legislative Council to the various regional conferences based on estimated value to state interests. The budget reduction imposed by the 1992 special session legislature will be realized by reduced travel and contracted services within studies and conferences as deemed appropriate by the Legislative Council.

### Language

The following language was included in House Bill 2 during the 1991 regular session and the 1992 special session:

"[The Interim Studies and Conferences Program] is a biennial appropriation. Individual activities are budgeted as follows:

Joint Interim Committees	\$ 82,470
Statewide Issues	25,000
Districting and Apportionment Commission	43,000
Revenue Oversight Committee	37,983
Administrative Code Committee	14,048
Select Committee on Indian Affairs	7,200
Commission on Uniform State Laws	30,000
National Conference of State Legislatures	189,706
Regional Conferences	32,000
State Aircraft Study	12,000"

"The Legislative Council may allocate money appropriated [for the Interim Studies and Conferences Program] among the individual activities listed above in order to complete work assigned by the legislature."

The following language appropriation was included in House Bill 2 for a study of retirement systems, as required by House Joint Resolution 50, which passed both houses of the 52nd Legislature. The amount is not included in the tables above for House Bill 2 appropriations as it was a language appropriation (See the discussion under "Other Legislation" in the agency narrative immediately preceding this program narrative).

"Contingent on passage and approval of House Joint Resolution No. 50, a biennial appropriation not to exceed \$30,000 from pension trust funds is made to the Legislative Council for the purpose of conducting an interim study on retirement systems. Of the total appropriation, 12.5% must be made from the Teachers' Retirement Pension Fund. The remaining 87.5% must be made from the various pension trust funds administered by the Public Employees' Retirement Board in proportion to the membership of each system."

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## INTERIM STUDIES & CONFERENCES

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"The Revenue Oversight Committee may use part of the appropriation provided [to the Revenue Oversight Committee] for the support of the activities of the Coal Tax Oversight Subcommittee."

"[Interim Studies and Conferences] includes \$12,000 for an interim study of state-owned aircraft to determine the most economical method of managing the aircraft. The Committee on Committees of the Senate and the Speaker of the House of Representatives shall, respectively, appoint four senators and four representatives, two from each party, to serve on the aircraft study interim committee."

"The unobligated portions of the appropriations in Chapter 1, Special Laws of January, 1992, are on March 1, 1992, reappropriated to the Legislative Council and may be spent for an interim study unanimous agreement of the President of the Senate, Senate Minority Leader, Speaker of the House, and House Minority Leader. The leaders may determine the membership and scope of the interim committees."

### Legislative Intent

The 1991 legislature appropriated \$481,407 to the Interim Studies and Conferences program for the biennium. The 1992 special session legislature reduced that appropriation to \$456,056, which reflects the addition of \$12,000 for an aircraft study and a \$37,361 decrease in operations. The language above specifies the legislative intent for funding of individual activities within the total appropriation, and provides the Legislative Council the authority to move funds between studies and committees as deemed necessary, except for the study on the state's fiscal problems which was added during the 1992 special session.

In contrast to past bienniums, there is not a separate allocation for the Forestry Task Force, the Montana-Western Canadian Boundary Committee, or the Five-State Biennial Conference. There is a new budget item of \$32,000 for Regional Conferences. It is legislative intent that the Legislative Council allocate the Regional Conferences budget among regional activities, including but not limited to the Western States Legislative Forestry Task Force, the Montana-Western Canadian Boundary Committee and the Five-State Biennial Conference, in relation to their estimated value to state interests.

### Budget As Approved by the Regular 1991 Legislative Session

The entire appropriation for this program is a biennial appropriation and is shown in fiscal 1992 only. The amounts shown in the main table above and the Special Session Action Table 1 include all appropriations for the interim legislative activities managed or supported by the Legislative Council, except for those discussed under "Other Legislation" in the Legislative Council agency narrative immediately preceding this program narrative. The interim committee budgets are, for the most part, designed to provide the following costs of operating a committee study: member travel and salary costs, committee printing and postage costs, consultant costs, and any other costs incidental to a particular study. Funding for staff personal services is not included.

### Funding

All interim studies and conference activities are funded by the general fund with the exception of the Regional Conferences budget, which is funded partially by \$12,000 of coal tax revenues in a state special revenue account.

## REIMBURSABLE ACTIVITIES PROGRAM

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	.00	.00		.00	.00			.00
Operating Expenses	593,470	593,470	0	593,470	251,120	251,120	0	251,120
Total Costs	593,470	593,470	\$0	\$593,470	\$251,120	\$251,120	\$0	\$251,120
<u>Fund Sources</u>								
State Revenue Fund	593,470	593,470	0	593,470	251,120	251,120	0	251,120
Total Funds	593,470	593,470	\$0	\$593,470	\$251,120	\$251,120	\$0	\$251,120

### Program Description

The Reimbursable Activities program supports the publication and distribution of the Montana Code Annotated statute text, annotations, and ancillary publications issued under Sections 1-11-301 and 1-11-303, MCA. It also supports the provision of other reimbursable services provided by the Legislative Council office.

### Budget as Approved by the Regular 1991 Legislative Session

The budget increases from fiscal 1990 to 1992 due to: 1) the inclusion of costs for preparation of the Montana Code Annotated statute text and annotations that previously were budgeted in the Legislative Council Operations program; and 2) increased data processing costs due to a larger data base size and the change to a mainframe processing system. The fiscal 1992 budget is significantly higher than fiscal 1993, reflecting the cyclical cost of publishing the Montana Code Annotated.

The Legislative Council plans to merge the Reimbursable Activities program into the Legislative Council Operations program prior to the beginning of the 1993 biennium.

### Funding

The program is funded by a state special revenue account, which receives revenue from sales of the Montana Code Annotated and from sales of other products and services.

## LEGISLATIVE COUNCIL

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	43.70	43.70		43.70	53.70	53.70		53.70
Personal Services	1,446,524	1,431,524	76,834	1,508,358	1,653,506	1,600,978	152,898	1,753,876
Operating Expenses	484,213	425,990	0	425,990	507,462	465,382	0	465,382
Equipment	161,948	132,948	0	132,948	122,502	108,502	0	108,502
Total Costs	\$2,092,685	\$1,990,462	\$76,834	\$2,067,296	\$2,283,470	\$2,174,862	\$152,898	\$2,327,760
<u>Fund Sources</u>								
General Fund	1,633,959	1,531,736	76,834	1,608,570	2,029,107	1,920,499	152,898	2,073,397
State Revenue Fund	458,726	458,726	0	458,726	254,363	254,363	0	254,363
Total Funds	\$2,092,685	\$1,990,462	\$76,834	\$2,067,296	\$2,283,470	\$2,174,862	\$152,898	\$2,327,760

## Program Description

The Legislative Council Operations program provides for overall policy direction of the agency through the Legislative Council. The program also provides the personnel required to support the programs of the agency, including an executive director and staff that assist in the preparation of proposed legislation, standing and select committee reports and recommendations, and to carry out other council activities.

## Special Session Action

As shown on the Special Session Action and Budget Modification tables at the agency level, the legislature made the following changes to this program budget: 1) reduced operations by \$42,223 in fiscal 1992 and \$42,080 in fiscal 1993; and 2) reduced budget modifications by \$60,000 in fiscal 1992 and \$66,528 in fiscal 1993.

## Language

"Expenditure of funds for [the legislative computer network] is contingent on approval by the Joint Legislative Administration Committee."

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## LEGISLATIVE COUNCIL

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This language relates to the Legislative Computer Network budget modification, which is discussed at the agency level. The appropriation is line-itemed in House Bill 2, and the language requires approval of any expenditures by the Joint Legislative Administration Committee.

### Budget as Approved by the Regular 1991 Legislative Session

The budget increases primarily due to four budget modifications approved for this program, which are identified in the agency level budget modification table and narrative. When the modifications are excluded, there is an 8 percent increase in current level costs.

Personal services increase due to: 1) the Base Pay Adjustment, Added FTE and Legislative Computer Network budget modifications; 2) vacancy savings in fiscal 1990; and 3) continuation of the fiscal 1991 pay plan in the 1993 biennium.

Operating expenses increase primarily due to expenses added in the Reapportionment Technical Support and Legislative Computer Network budget modifications. Current level operating expense increases include data processing costs and network fees, travel, and equipment maintenance contracts. Operating expenses are significantly higher in fiscal 1993 as it is a session year, with data processing accounting for the majority of the increase.

The equipment budget includes \$100,345 for the biennium for the legislative computer network, \$42,865 for computer equipment to support the Montana Districting and Apportionment Commission (Reapportionment Technical Support budget modification), and \$141,240 to purchase replacement computer equipment and software in order to maintain current levels of technology.

### Funding

State special revenue is included in the program budget for the first time, reducing current level general fund revenues by 16.5 percent. The state special revenue fund receives revenues from the sale of the Montana Code Annotated. The Legislative Council plans to directly charge the fund for personal services and operating expenses related to publishing the Montana Code Annotated that are incurred in the Operations program.



## BUDGET REDUCTION

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	.00	.00		.00	.00	.00		.00
Personal Services	10,918-	10,918-	0	10,918-	9,852-	9,852-	0	9,852-
Total Costs	\$10,918-	\$10,918-	\$0	\$10,918-	\$9,852-	\$9,852-	\$0	\$9,852-
<u>Fund Sources</u>								
General Fund	10,918-	10,918-	0	10,918-	9,852-	9,852-	0	9,852-
Total Funds	\$10,918-	\$10,918-	\$0	\$10,918-	\$9,852-	\$9,852-	\$0	\$9,852-

During the 1991 regular session, the legislature imposed the reduction in the agency's general fund budget shown in the table above. Section 6 of House Bill 2 allows the agency, with the approval of the approving authority as defined in Section 17-7-102, to determine the proportional share of the amount to be applied to each program.

## ENVIRONMENTAL QUALITY COUNCIL

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	7.00	7.00		7.00	7.00	7.00		7.00
Personal Services	236,040	236,040	11,763	247,803	231,903	231,903	18,618	250,521
Operating Expenses	70,884	62,926	0	62,926	46,372	41,472	0	41,472
Equipment	5,000	5,000	0	5,000	5,000	2,500	0	2,500
Total Costs	\$311,924	\$303,966	\$11,763	\$315,729	\$283,275	\$275,875	\$18,618	\$294,493
Fund Sources								
General Fund	285,473	277,515	11,763	289,278	283,275	275,875	18,618	294,493
State Revenue Fund	26,451	26,451	0	26,451	0	0	0	0
Total Funds	\$311,924	\$303,966	\$11,763	\$315,729	\$283,275	\$275,875	\$18,618	\$294,493

### Agency Description

The Environmental Quality Council (EQC) was created in 1971 to implement provisions of the Montana Environmental Policy Act (MEPA - Title 75, Chapter 1, MCA). Two programs exist within the agency. The Environmental Quality Council Program is responsible for the general EQC program and for the environmental quality goals established in MEPA. The Water Policy Committee Program is responsible for advising the legislature on state water policy and utilizes the staff of the EQC for support.

# ENVIRONMENTAL QUALITY COUNCIL

## Special Session Action

Description	Pgm	Executive Budget Proposal		Legislative Budget Action	
		Fiscal 1992	Fiscal 1993	Fiscal 1992	Fiscal 1993
		General Fund	Other Funds	General Fund	Other Funds
House Bill 2					
1 Operational Reduction	01	(\$6,900)		(\$6,900)	
2 Funding Switch	02	<u>(1,058)</u>		<u>(1,058)</u>	
Grand Totals		(\$7,958)		(\$7,958)	

1) Operational Reduction - Expenditures will be reduced by \$6,900 in fiscal 1992 through: 1) one less EQC meeting (\$2,400); 2) a \$2,500 decrease in rent, due to lower DoFA charges than budgeted; and 3) a \$2,000 decrease in contracted services. The fiscal 1993 reduction consists of a \$4,900 decrease in operating expenses and a \$2,500 decrease in equipment.

2) Funding Switch - In fiscal 1992, \$1,058 of RIT interest used to fund the Water Policy Committee will be used to support the Environmental Quality program, allowing a general fund reduction of a like amount.

Budget as Approved by the Regular 1991 Legislative Session

The budget shows a 36.3 percent increase from fiscal 1990 to 1992, but the increase is misleading due to inclusion of a biennial appropriation in fiscal 1992 for the Water Policy Committee. When comparing biennium to biennium, the biennial appropriation for Water Policy Committee operations is nearly identical to the 1991 biennium appropriation. The primary reasons for increases in the EOC program are: 1) the budget modification shown in the table below; 2) high vacancy savings in fiscal 1990; and 3) lower than normal operating expenses in fiscal 1990.

The legislature implemented a 0.5 percent reduction in the agency's total general fund budget for both years of the biennium, which is reflected in the table above: \$1,410 in fiscal 1992 and \$1,390 in fiscal 1993. The pay plan market base adjustment is included in the House Bill 2 columns above since it was not part of the pay plan bill.

## ENVIRONMENTAL QUALITY COUNCIL

### Summary of Budget Modifications

		FY 1992--		FY 1993--	
		PGM	FTE	General Fund	Other Funds
1 Additional Staff		01	<u>.50</u>	<u>\$15,800</u>	
				<u>.50</u>	<u>\$15,800</u>
Totals			<u>.50</u>	<u>\$15,800</u>	

1) Additional Staff - This modification provides \$31,600 general fund for an additional 0.5 FTE for coordination, oversight, and liaison to executive agencies for compliance with the Montana Environmental Policy Act (MEPA).

### Funding

The EQC program is funded with general fund and Resource Indemnity Trust (RIT) interest, while the Water Policy Committee operations are funded entirely with RIT interest.

## ENVIRONMENTAL QUALITY PROGRAM

<u>Budget Item</u>	HB 2 Regular Fiscal 1992	6.75	HB 2 Special Fiscal 1992	6.75	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	6.75	HB 2 Special Fiscal 1993	6.75	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE												
Personal Services	231,919		231,919		11,763	243,682	233,293		233,293		18,618	251,911
Operating Expenses	49,964		43,064		0	43,064	46,372		41,472		0	41,472
Equipment	5,000		5,000		0	5,000	5,000		2,500		0	2,500
Total Costs	\$286,883		\$279,983		\$11,763	\$291,746	\$284,665		\$277,265		\$18,618	\$295,883
<u>Fund Sources</u>												
General Fund	286,883		278,925		11,763	290,688	284,665		277,265		18,618	295,883
State Revenue Fund	0		1,058		0	1,058	0		0		0	0
Total Funds	\$286,883		\$279,983		\$11,763	\$291,746	\$284,665		\$277,265		\$18,618	\$295,883

### Program Description

The Environmental Quality Council (EQC) Program is charged with implementing the provisions of the Montana Environmental Policy Act (MEPA), performing numerous other statutory duties, and completing projects that are assigned to it by the legislature. The EQC reviews the policies and programs of state agencies that concern environmental matters and natural resource development and conservation. The council researches and analyzes environmental trends and problems and recommends ways to improve the state's natural, social, and economic environments. It assists the legislature with natural resource legislation and staffs the natural resources standing committees and the Water Policy Committee.

### Special Session Action

As shown in the Special Session Action table at the agency level, this program's operational budget was reduced by \$6,900 in fiscal 1992 and \$7,400 in fiscal 1993. In fiscal 1992, \$1,058 of Resource Indemnity Trust (RIT) interest originally appropriated for the Water Policy Committee was used to replace general fund.

### Budget as Approved by the Regular 1991 Legislative Session

The budget increases from fiscal 1990 to 1992 are primarily due to: 1) the budget modification for additional staff; 2) high vacancy savings in fiscal 1990; and 3) lower than normal operating expenses in fiscal 1990.

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## ENVIRONMENTAL QUALITY PROGRAM

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Personal services increase due to a substantial vacancy savings in fiscal 1990, continuation of the fiscal 1991 pay plan in the 1993 biennium, and the addition of 0.5 FTE in the budget modification.

Operating expenses increase due to below normal expenditures in fiscal 1990, as operating costs were reduced in travel, contracted services, and rent. Operating expenses for the 1993 biennium are below the fiscal 1991 appropriation.

Equipment is for agency computer upgrades in accordance with the Legislative Agency Network standards and plans.

### Funding

The EQC program is funded with general fund and RIT interest.

## WATER POLICY COMMITTEE

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	.25	.25		.25	.25	.25		.25
Personal Services	5,531	5,531	0	5,531	0	0	0	0
Operating Expenses	20,920	19,862	0	19,862	0	0	0	0
Total Costs	\$26,451	\$25,393	\$0	\$25,393	\$0	\$0	\$0	\$0
<u>Fund Sources</u>								
State Revenue Fund	26,451	25,393	0	25,393	0	0	0	0
Total Funds	\$26,451	\$25,393	\$0	\$25,393	\$0	\$0	\$0	\$0

### Program Description

The Water Policy program was established to operate the Water Policy Committee, statutorily created by the Forty-ninth Legislature. The Water Policy Committee's duties include advising the legislature on the adequacy of the state's water policy and on important state, regional, national, and international developments relating to Montana's water resources; overseeing the policies and activities of the Department of Natural Resources and Conservation and other entities as they relate to water management; analyzing and commenting on the state water plan, the water development program, water research, the water leasing pilot program, and water data management system; and reporting to the legislature each biennium.

### Special Session Action

As shown in the Special Session Action table at the agency level, the Water Policy Committee budget was reduced by \$1,058 in fiscal 1992. Those funds were then used to replace a like amount of general fund in the Environmental Quality program.

### Budget as Approved by the Regular 1991 Legislative Session

The Water Policy Committee operations budget is essentially the same as in previous years. The program received a biennial appropriation of \$26,281 in fiscal year 1990. Because the committee receives a biennial appropriation, comparison of actual expenses in fiscal year 1990 to the proposed budget is misleading, as the balance of the appropriation is carried over to fiscal 1991. The only

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## WATER POLICY COMMITTEE

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change in the budget over the last biennium is the continuation of the fiscal 1991 pay plan increase for salaries for committee members in the 1993 biennium.

### Funding

Funding for the operations of the Water Policy Committee is derived from the Resource Indemnity Trust (RIT) state special revenue account.



## BUDGET REDUCTION

HB 2	HB 2	Pay Regular Fiscal 1992	Revised Special Fiscal 1992	HB 2 Plan Fiscal 1992	HB 2 Total Fiscal 1992	Pay Regular Fiscal 1993	Revised Special Fiscal 1993	Plan Fiscal 1993	Total Fiscal 1993
<u>Budget Item</u>									
FTE		.00	.00		.00	.00	.00		.00
Personal Services		1,410-	1,410-	0	1,410-	1,390-	1,390-	0	1,390-
Total Costs		\$1,410-	\$1,410-	\$0	\$1,410-	\$1,390-	\$1,390-	\$0	\$1,390-
<u>Fund Sources</u>									
General Fund		1,410-	1,410-	0	1,410-	1,390-	1,390-	0	1,390-
Total Funds		\$1,410-	\$1,410-	\$0	\$1,410-	\$1,390-	\$1,390-	\$0	\$1,390-

During the 1991 regular session, the legislature imposed the reduction in the agency's general fund budget shown in the table above. Section 6 of House Bill 2 allows the agency, with the approval of the approving authority as defined in Section 17-7-102, to determine the proportional share of the amount to be applied to each program.

## CONSUMER COUNSEL

<u>Budget Item</u>	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	4.25	4.25		4.25	4.25	4.25		4.25
Personal Services	209,972	209,972		217,139	213,806	213,806	11,734	225,540
Operating Expenses	700,700	700,700	7,167	700,700	719,592	719,592	0	719,592
Equipment	1,710	1,710	0	1,710	1,710	1,710	0	1,710
Total Costs	\$912,382	\$912,382	\$7,167	\$919,549	\$935,108	\$935,108	\$11,734	\$946,842
<u>Fund Sources</u>								
State Revenue Fund	912,382	912,382	7,167	919,549	935,108	935,108	11,734	946,842
Total Funds	\$912,382	\$912,382	\$7,167	\$919,549	\$935,108	\$935,108	\$11,734	\$946,842

### Agency Description

The Office of the Consumer Counsel was created by Article XIII, Section 2 of the 1972 Montana Constitution. The office is governed by Title 5, Chapter 15, MCA, and by Title 69, Chapters 1 and 2, MCA. The Consumer Counsel is charged with the duty of "representing consumer interests in hearings before the Public Service Commission or any other successor agency." The Consumer Counsel also may initiate, intervene in, or otherwise participate in appropriate proceedings in the state and federal courts and in proceedings before federal administrative agencies on behalf of the public of Montana.

### Special Session Action

The legislature made no changes in this agency's budget during the 1992 special session.

### Language

The following language in House Bill 2 designates \$100,000 per year for expert witness fees:

"Item 1a is for expert witness fees for unanticipated cases."

## CONSUMER COUNSEL

## Budget as Approved by the Regular 1991 Legislative Session

As in previous years, the 1993 biennium budget for the Consumer Counsel consists of a base appropriation for normal operating costs and a \$100,000 contingency appropriation each fiscal year for costs associated with unanticipated increased caseload.

The agency's fiscal 1992 budget increases 47 percent as compared to fiscal 1990, due to a lower caseload than anticipated in fiscal 1990 and due to the modification for increased travel costs discussed below.

Personal services increase due to the fiscal 1991 pay plan increase. Operating costs increase primarily due to an increased caseload over fiscal 1990, when the agency expended only 59 percent of the base appropriation and none of the contingency amount appropriated for consultants. Equipment requested in the 1993 biennium is for office equipment.

## Summary of Budget Modifications

	PGM	FTE	FY 1992--		FY 1993--	
			General Fund	Other Funds	General Fund	Other Funds
1 Increased Travel	01			<u>\$6,607</u>		<u>\$6,591</u>
Totals				<u>\$6,607</u>		<u>\$6,591</u>

1) Increased Travel - This modification for \$13,198 is to fund travel cost increases due to changed air fare structures and increased federal regulatory activity.

## Funding

The sole funding source for the Consumer Counsel is a constitutionally earmarked tax levied on all regulated entities under the Public Service Commission's jurisdiction. The tax rate can be adjusted quarterly as necessary to adjust for a cash carryover from the previous fiscal year, preventing the accumulation of significant cash balances.

## JUDICIARY

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	91.50	91.50		91.50	92.00	92.00		92.00
Personal Services	4,385,389	4,241,900	89,371	4,331,271	4,610,017	4,497,555	150,350	4,647,905
Operating Expenses	1,201,504	1,201,504	0	1,201,504	1,199,154	1,199,154	0	1,199,154
Equipment	310,794	310,794	0	310,794	292,549	292,549	0	292,549
Grants	<u>2,605,415</u>	<u>2,605,415</u>	<u>0</u>	<u>2,605,415</u>	<u>2,729,405</u>	<u>2,985,405</u>	<u>0</u>	<u>2,985,405</u>
Total Costs	\$8,503,102	\$8,359,613	\$89,371	\$8,448,984	\$8,831,125	\$8,974,663	\$150,350	\$9,125,013
Fund Sources								
General Fund	8,008,765	7,895,276	72,569	7,967,845	8,348,037	8,491,575	122,084	8,613,659
State Revenue Fund	<u>494,337</u>	<u>464,337</u>	<u>16,802</u>	<u>481,139</u>	<u>483,088</u>	<u>483,088</u>	<u>28,266</u>	<u>511,354</u>
Total Funds	\$8,503,102	\$8,359,613	\$89,371	\$8,448,984	\$8,831,125	\$8,974,663	\$150,350	\$9,125,013

## Agency Description

The judicial branch of state government is provided for in Article III, Section I, and Article VII of the 1972 Montana Constitution. The jurisdiction of the Supreme Court consists of all appellate and original jurisdiction in petitions for writs of habeas corpus and other such writs, general supervisory control over all courts, and rule making powers for Montana courts. The court also supervises the reimbursement to district courts of certain costs of criminal cases.

## JUDICIARY

## Special Session Action

		Executive Budget Proposal		Legislative Budget Action	
		=====		=====	
Description	Pgm	Fiscal 1992		Fiscal 1993	
		General Fund	Other Funds	General Fund	Other Funds
House Bill 2					
1 Supreme Court Operations	01	(\$85,654)		(\$53,534)	(\$53,964)
2 Boards and Commissions	02	(19,928)		(12,455)	(12,607)
3 Law Library	03	(60,834)		(27,021)	(12,816)
4 Water Court Supervision	05		(\$40,891)		(\$30,000)
5 Clerk of Court	06	(10,729)		(6,706)	(6,796)
6 District Court Reimbursement	07			(13,773)	256,000
7 General Reduction	NA				(26,279)
Sub-Totals		(177,145)	(40,891)	(113,488)	143,538
Other Appropriation Bills					
8 HB903-Court Automation	01	(33,600)		(33,600)	
Sub-Totals		(33,600)		(33,600)	
Other					
9 Increased Library Fees	03			(11,000)	(26,000)
Sub-Totals				(11,000)	(26,000)
Grand Totals		(\$210,745)	(\$40,891)	(\$158,088)	\$117,538

## JUDICIARY

### Special Session Action

The special session reduced the general fund appropriation for the Judiciary five percent each year with the exception of certain appropriations. The fiscal 1992 reduction was not applied to: 1) elected judges' salaries; 2) pass-through funds to counties to reimburse allowable criminal costs in district court operations; and 3) two fee-supported services (automated legal data bases and district court judges training). The fiscal 1993 reduction was calculated in the same manner except that the salary of the elected Clerk of the Supreme Court was exempted from the five percent reduction. The Judiciary requested that the reductions be allocated to the personal services category to allow maximum management flexibility.

- 1) Supreme Court Operations - The special session reduced the general fund appropriation \$107,498 over the biennium in the Supreme Court Operations program, excluding the salaries of Supreme Court justices.
  - 2) Boards and Commissions - The special session reduced the Boards and Commissions program general fund appropriation \$25,062 over the biennium.
  - 3) Law Library - The Law Library program general fund appropriation was reduced by \$39,837 over the biennium. The Law Library will reduce book purchases in order to meet part of the decrease.
  - 4) Water Court Adjudication - The legislature reduced the Water Court Adjudication state special revenue appropriation by \$30,000 in fiscal 1992 and used the funds to offset general fund in the Water Resources and Planning Division of the Department of Natural Resources and Conservation. The water adjudication program has a vacant water master position that it will leave open to accrue savings in personal services and operating costs. However, the legislature did not wish to delay water adjudication process by requiring the vacancy to continue in fiscal 1993.
  - 5) Clerk of Court Program - The general fund appropriation was reduced by \$13,502 over the biennium.
  - 6) District Court Criminal Reimbursement Program - The legislature did not accept the Executive proposal to reduce the fiscal 1993 District Court Criminal Reimbursement program general fund appropriation by eight percent. Instead, the special session increased the fiscal 1993 reimbursement to counties for allowable district court criminal costs by \$256,000 to offset part of the cost of court-ordered psychiatric evaluations. The Executive estimates that these evaluations will cost counties \$513,434 in fiscal 1993. Previously these services had been paid from the Montana State Hospital appropriation.
- The program reimburses counties for certain costs related to criminal cases (3-5-901, MCA). If funds appropriated for district court criminal expenses exceed such expenses, counties may apply for and be awarded grants for district court expenses (7-6-2352, MCA). If the state appropriation is insufficient to cover district court criminal expenses, counties are liable for such expenses.

- 7) General Reduction - The legislature imposed a \$13,773 reduction in the agency's total general fund budget for fiscal 1992 and \$26,279 in fiscal 1993 in addition to the specific budget changes shown above. Since the agency will be allowed to allocate this budget reduction among programs, it is reflected in the agency table above but is not reflected in individual program tables and not discussed

## JUDICIARY

in the program narratives. The last program in the agency (a program entitled "Budget Reduction") shows the budget reduction imposed on the agency by the legislature during the special session and during the 1991 regular session.

8) HB903-Court Automation - The special session reduced the biennial appropriation in House Bill 903 by eight percent (\$33,600). The bill appropriated \$420,000 general fund and \$200,000 federal funds over the biennium to the Supreme Court. As of November 30, the court had expended 73 percent of the general fund appropriation.

9) Increased Law Library Fees - The legislature directed the Law Library to increase fees for automated legal data bases and telefax services and deposit \$11,000 additional revenue to the general fund in fiscal 1992 and \$26,000 in fiscal 1993.

### Budget as Approved by the Regular 1991 Legislative Session

The legislature implemented a 0.5 percent reduction in the total agency general fund budget for each year of the biennium, reducing the fiscal 1992 appropriation by \$25,856 and the fiscal 1993 appropriation by \$25,781. The special session of the legislature increased that reduction to \$39,629 in fiscal 1992 and \$52,060 in fiscal 1993. Since agencies will be allowed to allocate this budget reduction among programs, it is reflected in the agency table but is not reflected in the program tables and narratives.

The legislature implemented a 4 percent across-the-board reduction in funding for total agency personal services in agencies with more than 20.0 FTE. However, the Judiciary was exempted from the personal services reduction in order to allow the agency to fund the market-based portion of the pay plan increase in House Bill 509. Funds were not appropriated to the Judiciary in House Bill 509 for market-based pay as all positions in the agency are exempt from classification on the state pay plan. The fiscal 1992 and 1993 pay plan increase is included in the table above and in the program tables.

FTE increase by 2.0 between fiscal 1990 and 1992 due to the continuation of the court automation effort authorized by House Bill 320 by the 1989 legislature which adds 2.0 FTE. The legislature transferred the District Court Criminal Reimbursement program from the Department of Commerce, including 1.0 FTE. However, the District Court Criminal Reimbursement program expenditures and FTE are included in the fiscal 1990 totals so it will not be reflected as a difference between fiscal 1990 and 1992. FTE increase by 0.5 in fiscal 1993 due to addition of a new judicial district effective January 1, 1993, authorized by House Bill 934. The Executive Budget included a new clerical FTE in the Water Court Supervision program that was not approved by the legislature. The Water Court judge testified that if the computer system were upgraded, the clerical FTE would not be necessary. The legislature funded the upgrade to the computer system.

Personal services increase 11.9 percent due to: 1) pay raises for judges authorized by the passage of Senate Bill 228 (\$153,893 general fund in fiscal 1992 and \$357,585 in fiscal 1993); 2) the court automation modified request for 2.0 FTE, which adds \$63,844 in fiscal 1992 and \$63,720 in fiscal 1993; 3) creation of a new district court judicial district which adds \$32,770 in fiscal 1993; 4) approval of a budget modification to increase salaries of exempt law clerks positions for a total of \$13,767 in fiscal 1992 and \$13,749 in fiscal 1993; 5) budgeting the full salary of the Water Court judge; 6) a budget modification to increase the salary of the deputy clerk of the supreme court by \$3,323 each year; and 7) continuation of the fiscal 1991 pay plan in the 1993 biennium.

## JUDICIARY

The operating budget increases 24.8 percent. Some of the major changes between fiscal 1990 and fiscal 1992 are: 1) the budget modifications, identified in the following table, which add \$74,079 in fiscal 1992 and \$72,577 in fiscal 1993; 2) fee-reimbursed increases in automated legal data bases, which add \$46,108 in fiscal 1992 and \$56,834 in fiscal 1993; 3) an increase in training-related costs for Supreme Court and District Court judges of \$18,209 annually; 4) an increase in fee-reimbursed training costs for courts of limited jurisdiction of about \$14,700 annually; 5) network service fees of \$15,890 annually; 6) the legislative audit in fiscal 1992 of \$15,626; and 7) an increase in contracted services of \$9,877 in fiscal 1992 and \$13,417 in fiscal 1993 to hire investigators for the Commission on Practice which reviews complaints against attorneys and recommends disciplinary action and to fund fee-reimbursed training expenses for courts of limited jurisdiction. Other smaller changes to program budgets approved by the legislature are discussed in the following program narratives.

Equipment includes books for the law library and personal computers and software for the Supreme Court judges and for the Water Court Supervision program. It is the intent of the legislature that if other revenue becomes available to pay for computer equipment supported by general fund, that the other revenue replace the general fund appropriation. Inflation in book prices accounts for about \$25,000 of the annual equipment budget. Fiscal 1992 equipment costs are higher than fiscal 1993 as several sets of the Montana Code Annotated are purchased for the code exchange among states.

Grants increase 2.9 percent and include reimbursement to counties for district court operating expenses.

### Summary of Budget Modifications

		FY 1992-		FY 1993-			
PGM	FTE	General Fund	Other Funds	FTE	General Fund	Other Funds	
1 HB320-Court Automation	01	\$101,646		2.00	\$101,647		
2 Law Clerk Parity	01	13,767			13,749		
3 Clerk of Court Training	01	4,000			4,000		
4 SB228-Judicial Salary Increase	01	25,105			56,203		
5 Law Book Inflation	03	10,556			9,265		
6 SB228-Judicial Salary Increase	04	125,348			289,212		
7 SB228/HB934-Salary New Judge	04			.50	4,166		
8 HB934-New Judicial District	04		\$3,440		32,770		\$8,004
9 SB228-Judicial Salary Increase	05	3,323			3,323		
10 Deputy Clerk Salary Increase	06						
Totals	2.00	\$283,745	\$3,440	2.50	\$514,335		\$8,004



## JUDICIARY

- 1) HB320-Court Automation - This budget modification continues the FTE and funding level authorized by House Bill 320 passed by the 1989 legislature to purchase hardware and software for a pilot automation project and begin development of uniform software applications and computer training for district courts and courts of limited jurisdiction. This budget modification costs \$203,293 general fund over the biennium.
- 2) Law Clerk Parity - This budget modification adds \$27,516 general fund over the biennium to increase law clerk salaries. Although law clerk positions are exempt, the agency hires law clerks at a pay level similar to grade 13, step 2 (or \$20,669 annually excluding benefits and insurance). Classified attorney positions were reclassified, resulting in an entry grade no lower than 14, step 2 or \$22,471 annually. The legislature approved salary increases for 14 law clerks who assist the justices of the Supreme Court. Although all the positions are exempt from classification on the state pay matrix, 12 of the positions are paid at a rate equivalent to a grade 13, step 2. The remaining two are paid the equivalent of a grade 15, step 7 (\$27,095) and a grade 13, step 3 (\$21,088). The modification would allow law clerk positions to be paid at a higher rate, although the amount of the modification is not sufficient to fund a one grade increase commensurate with reclassification of other attorney positions statewide. It would take twice the amount in the budget modification to fully fund a one grade increase for all law clerk positions.
- 3) Clerk of Court Training - This budget modification allows \$8,000 general fund for the biennium to fund travel, meals, lodging, and materials for presenters participating in the Clerk of Court Training School. This school provides instruction to clerks of court to improve operations of clerk offices.
- 4) SB228-Judicial Salary Increases - Senate Bill 228 passed by the 1991 legislature incrementally increases Supreme Court and District Court judges' salaries every six months during the 1993 biennium, until each position is paid \$8,000 more than during the 1991 biennium. The total increase is about 8.7 percent for Supreme Court justices.
- 5) Law Library Book Inflation - This budget modification adds \$19,821 general fund over the biennium to reflect the historic inflation experienced in the price of law library reference materials. The current level allows \$17,318 for inflation for book purchases in 1992 and \$16,398 in fiscal 1993. The agency testified that although inflation for some book purchases has been recognized in previous budgets, the inflation factor was not applied to law library book purchases in the equipment category.
- 6) SB228-Judicial Salary Increase - This budget modification funds salary increases for district court judges included in Senate Bill 228. The annual salary of a district court judge will increase \$8,000 annually or 8.7 percent.
- 7) SB228/HB934 - 21st Judicial District - This budget modification funds the salary increase authorized in Senate Bill 228 for the new district court judge authorized by House Bill 934.
- 8) HB934 - 21st Judicial District - This budget modification funds a new district court judge and operating expenses. The new judge will take office January 1, 1993. In the 1995 biennium, the FTE will increase to a full-time position.
- 9) SB228-Judicial Salary Increase - This budget modification funds the salary increase for the water court judge as authorized by Senate Bill 228. The water court judge is to be paid the same amount as a district court judge (3-7-222, MCA).

## JUDICIARY

10) Deputy Clerk Salary Increase - This budget modification funds a pay increase for the deputy clerk of the supreme court of \$3,323 each year—an increase of \$2,718 in salary and \$605 in benefits. The annual salary (excluding benefits and insurance) rises from a base level of \$31,769 in fiscal 1992 to \$34,487 in fiscal 1992 due to the budget modification.

### Funding

With the exception of the Water Court Supervision program, the Judiciary is supported by general fund. However, the agency collects fees for some services which are deposited to the general fund. Such collections offset about \$211,000 of fiscal 1990 operating expenses, not including vehicle taxes assessed by counties to fund district court criminal cost reimbursements of about \$2.5 million. The Water Court Supervision program is funded from the water development state special revenue account. The District Court Criminal Reimbursement program is funded by 7 percent of the 2 percent assessment levied against vehicles by counties. The county treasurer collects and sends the district court portion of the fee to the state treasurer who deposits the proceeds in the general fund.

### Other Legislation

<u>Bill No./Description</u>	<u>Fiscal 1992</u>		<u>Fiscal 1993</u>	
	<u>FTE</u>	<u>General Fund</u>	<u>FTE</u>	<u>General Fund</u>
HB903 - Court Automation		\$386,400		\$586,400*

\* The appropriations are biennial appropriations.

House Bill 903 - Court Automation - This bill as passed by the regular session appropriated \$420,000 general fund and \$200,000 federal funds over the biennium to the Supreme Court for court automation projects. The special session of the legislature reduced the general fund by \$33,600 or eight percent. The funds must be used to improve information systems, case management systems, and the administration of justice. The Supreme Court shall report to the 1993 legislature the status of judicial automation. House Bill 903 also struck legislative intent in the narrative accompanying House Bill 2 regarding reduction of the general fund budget modification for court automation.

Senate Bill 229 - Review of Judicial Budget Request - This bill requires the Governor to include the judicial branch budget request as submitted in the Executive Budget. However, the bill also establishes that any expenditures in the judicial budget request above current level funding need not be part of the balanced budget required by Section 17-7-123, MCA.

## SUPREME COURT OPERATIONS

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	30.00	30.00		30.00	30.00	30.00		30.00
Personal Services	1,134,437	1,080,903	41,599	1,122,502	1,163,424	1,109,460	68,163	1,177,623
Operating Expenses	351,414	351,414	0	351,414	338,629	338,629	0	338,629
Equipment	33,100	33,100	0	33,100	30,460	30,460	0	30,460
Total Costs	\$1,518,951	\$1,465,417	\$41,599	\$1,507,016	\$1,532,513	\$1,478,549	\$68,163	\$1,546,712
<u>Fund Sources</u>								
General Fund	1,518,951	1,465,417	41,599	1,507,016	1,532,513	1,478,549	68,163	1,546,712
Total Funds	\$1,518,951	\$1,465,417	\$41,599	\$1,507,016	\$1,532,513	\$1,478,549	\$68,163	\$1,546,712

### Program Description

The Supreme Court has appellate jurisdiction for the State of Montana. It has original jurisdiction to issue, hear, and determine writs of habeas corpus and such other writs as may be provided by law. In addition, it has general supervisory control over all other courts in the state. The Supreme Court is also charged with establishing rules governing appellate procedure, the practice and procedure for all other courts, admission to the bar, and the conduct of its members. The Supreme Court consists of a chief justice and six justices. The Supreme Court Operations program manages day-to-day operations of the Court.

### Special Session Action

The special session reduced the Supreme Court Operations program general fund appropriation by \$107,498 over the biennium. The agency did not identify specific actions that would be taken to absorb the reduction. The salaries of Supreme Court justices were excluded from the reduction.

### Legislative Intent

The court automation modified request approved by the legislature is to be presented as a separate component in the 1995 biennium agency budget request.

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## SUPREME COURT OPERATIONS

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### Budget as Approved by the Regular 1991 Legislative Session

FTE decline a net of 2.0 positions. A reorganization moves 4.0 FTE to the Clerk of Court program, while a budget modification adds 2.0 FTE to continue court automation efforts authorized in House Bill 320 by the 1989 legislature.

Personal services increase 16.8 percent due to: 1) the court automation budget modification for 2.0 FTE, which adds \$63,844 in fiscal 1992 and \$63,720 in fiscal 1993; 2) judicial pay raises for Supreme Court justices approved in Senate Bill 228, which adds \$25,105 in fiscal 1992 and \$56,203 in fiscal 1993; 3) approval of a budget modification to increase law clerks' salaries commensurate with reclassification of attorney positions statewide, which adds \$13,767 in fiscal 1992 and \$13,749 in fiscal 1993; 4) vacancy savings in fiscal 1990; and 5) continuation of the fiscal 1991 pay plan, which for some exempt staff averaged more than 2.5 percent. Three positions received raises of 20 percent or more.

The operating budget increases 27.2 percent due to: 1) two budget modifications which add \$19,762 annually; 2) network service fees of \$15,890 annually; 3) the legislative audit in fiscal 1992 of \$15,626; 4) an increase in training-related travel for Supreme Court justices of \$7,146 in fiscal 1992 and \$13,566 in fiscal 1993; 5) an increase of \$9,242 annually for character and fitness examinations for applicants to the Montana Bar (the cost of which is offset by fees deposited to the general fund); 6) rent costs which increase \$6,503 in fiscal 1992 and \$8,172 in fiscal 1993; and 7) other fixed cost and inflationary adjustments.

Current level equipment includes seven personal computers and software for the Supreme Court judges. Four are authorized in fiscal 1992 and three in fiscal 1993. Equipment included in the court automation budget modification includes \$42,077 for computer equipment and \$2,124 in office equipment for the biennium.

### Funding

The Supreme Court Operations program is funded entirely by general fund. However, the program collects fees for some services which are deposited to the general fund. Such collections offset about \$9,245 of fiscal 1990 operating expenses.

## BOARDS AND COMMISSIONS

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	3.00	3.00		3.00	3.00	3.00		3.00
Personal Services	91,245	78,790	4,494	83,284	91,290	78,683	7,392	86,075
Operating Expenses	<u>154,591</u>	<u>154,591</u>	<u>0</u>	<u>154,591</u>	<u>154,683</u>	<u>154,683</u>	<u>0</u>	<u>154,683</u>
Total Costs	\$245,836	\$233,381	\$4,494	\$237,875	\$245,973	\$233,366	\$7,392	\$240,758
<u>Fund Sources</u>								
General Fund	<u>245,836</u>	<u>233,381</u>	<u>4,494</u>	<u>237,875</u>	<u>245,973</u>	<u>233,366</u>	<u>7,392</u>	<u>240,758</u>
Total Funds	\$245,836	\$233,381	\$4,494	\$237,875	\$245,973	\$233,366	\$7,392	\$240,758

### Program Description

The Boards and Commissions program oversees functions assigned to the Supreme Court either by legislative or constitutional mandate. Boards and commissions manage judicial discipline, rules, admission to the bar, and various other substantive issues aimed at improving and maintaining the administration of justice. Such commissions and boards include: the Judicial Standards Commission; Sentence Review Division; Commission on Practice; Board of Bar Examiners; and the Judicial Nominations Commission. See Volume I of the Budget Analysis for a summary of board and commission activities.

### Special Session Action

The legislature reduced the general fund appropriation of the Boards and Commissions program \$25,062 over the biennium. The agency did not specify how the decrease would be affected. The reduction was not applied to training costs of \$36,900 annually that are reimbursed by fees deposited to the general fund.

### Budget as Approved by the Regular 1991 Legislative Session

Personal services increase 4.8 percent due to vacancy savings in fiscal 1990 and continuation of the fiscal 1991 pay plan.

The operating budget increases 32.4 percent due to: 1) an increase in contracted services of \$27,688 in fiscal 1992 and \$27,708 in fiscal 1993 to hire investigators for the Commission on Practice (which reviews complaints against attorneys and recommends disciplinary

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## BOARDS AND COMMISSIONS

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action) and to fund fee-reimbursed training expenses for courts of limited jurisdiction (which offsets \$14,714 of the increased cost); 2) an increase of \$3,500 in fiscal 1992 to update the judge's benchbook; 3) annual increases of \$3,026 in maintenance, \$2,000 in rent, and \$1,844 in training costs for fee-reimbursed training for courts of limited jurisdiction; 4) annual increases in travel costs of \$1,600 to reimburse newly appointed boards and commissions members who live further away from Helena than previous members; and 6) other fixed cost and inflationary adjustments. At the agency's request, the legislature established a separate line-item appropriation for the Judicial Standards Commission of \$2,445 per year.

### Funding

The Boards and Commissions program is funded entirely by general fund. However, the training program for courts of limited jurisdiction collects registration fees which are deposited to the general fund. Fiscal 1990 expenditures for training were \$21,850 and training revenue deposited to the general fund was \$22,186. The annual income expected to be generated in the 1993 biennium is \$36,900.

## LAW LIBRARY

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	6.50	6.50		6.50	6.50	6.50		6.50
Personal Services	180,000	152,979	9,856	162,835	179,825	167,009	16,256	183,265
Operating Expenses	328,433	328,433	0	328,433	340,325	340,325	0	340,325
Equipment	245,903	245,903	0	245,903	243,689	243,689	0	243,689
Total Costs	\$754,336	\$727,315	\$9,856	\$737,171	\$763,839	\$751,023	\$16,256	\$767,279
Fund Sources								
General Fund	754,336	727,315	9,856	737,171	763,839	751,023	16,256	767,279
Total Funds	\$754,336	\$727,315	\$9,856	\$737,171	\$763,839	\$751,023	\$16,256	\$767,279

## Program Description

The State Law Library is a reference source for members and staff of the Supreme Court, lower courts, members and staff of the legislature, state officers and employees, members of the bar, and the general public. The inventory of books and materials on-hand can be classified into the following categories: treatises, law reviews, reports, microfilm, and video/audio tapes for continuing legal education. The State Law Library is governed by a Board of Trustees consisting of the justices of the Supreme Court. The board appoints the Law Librarian.

## Special Session Action

The special session reduced the Law Library program general fund appropriation by \$39,837 over the biennium. The agency will reduce purchase of books by \$10,000 in fiscal 1992 and \$15,000 in fiscal 1993 in order to absorb part of the reduction. The general fund appropriation for automated legal data bases was excluded from the reduction. The legislature also directed the program to increase fees that it charges for automated legal data base searches and telefax services and deposit \$11,000 additional revenue to the general fund in fiscal 1992 and \$26,000 in fiscal 1993.

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## LAW LIBRARY

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### Language

"The law library program in the judiciary is directed to increase fees for automated legal data base and telefax services. The program must deposit to the general fund \$11,000 in fiscal 1992 and \$26,000 in fiscal 1993 from such fee revenue."

"Except for \$16,000 for Law Library use, expenditures in [automated legal data bases] are limited to the amount of revenue collected from reimbursable automated legal data base usage by other entities."

### Budget as Approved by the Regular 1991 Legislative Session

Personal services increase 6.2 percent due to: 1) vacancy savings in fiscal 1990; and 2) continuation of the fiscal 1991 pay plan in the 1993 biennium.

The operating budget increases 22.2 percent due to: 1) a budget modification which adds about \$9,900 annually; 2) an increase in the use of automated legal data bases, which adds \$46,108 in fiscal 1992 and \$56,834 in fiscal 1993; 4) an increase in photocopying expenses of \$3,480 annually; 5) an annual increase of \$1,030 for maintenance; and 6) other fixed cost and inflationary adjustments.

The major item included in the equipment category is library books and other reference materials. Equipment also includes \$6,000 per year for video tape replacement and two microform cabinets per year, and a budget modification which adds about \$9,900 each year to offset historic inflation in the cost of library books.

### Funding

The Law Library program is funded entirely by general fund. However, the program collects fees for some services which are deposited to the general fund, including payments for use of automated legal data bases, rental of instructional video tapes, and photocopying fees. Such collections offset about \$147,162 of fiscal 1990 operating expenses.



## DISTRICT COURT OPERATIONS

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	36.00	36.00		36.00	36.50	36.50		36.50
Personal Services	2,500,437	2,500,437	8,640	2,509,077	2,692,672	2,692,672	17,400	2,710,072
Operating Expenses	<u>159,230</u>	<u>159,230</u>	<u>0</u>	<u>159,230</u>	<u>161,168</u>	<u>161,168</u>	<u>0</u>	<u>161,168</u>
Total Costs	\$2,659,667	\$2,659,667	\$8,640	\$2,668,307	\$2,853,840	\$2,853,840	\$17,400	\$2,871,240
<u>Fund Sources</u>								
General Fund	<u>2,659,667</u>	<u>2,659,667</u>	<u>8,640</u>	<u>2,668,307</u>	<u>2,853,840</u>	<u>2,853,840</u>	<u>17,400</u>	<u>2,871,240</u>
Total Funds	<u>\$2,659,667</u>	<u>\$2,659,667</u>	<u>\$8,640</u>	<u>\$2,668,307</u>	<u>\$2,853,840</u>	<u>\$2,853,840</u>	<u>\$17,400</u>	<u>\$2,871,240</u>

### Program Description

The District Court Operations program allocates monies to pay salaries, travel, and training expenses for 36 elected district judges throughout Montana's 20 judicial districts. Other operational costs of the district courts are paid by other state agencies and local governments. District courts are general jurisdiction trial courts having original jurisdiction in all criminal cases for felony cases and all civil matters and cases at law.

### Budget as Approved by the Regular 1991 Legislative Session

FTE increase by 0.5 in fiscal 1993 due to the creation of a new judicial district effective January 1, 1993 as authorized by House Bill 994.

Personal services increase 13.1 percent due to: 1) judicial pay raises authorized by Senate Bill 228, which add \$125,348 in fiscal 1992 and \$293,378 in fiscal 1993; 2) creation of a new judicial district which adds \$32,485 in fiscal 1993; 3) vacancy savings in fiscal 1990; and 4) continuation of the fiscal 1991 pay plan.

The operating budget increases 18.5 percent between fiscal 1990 and 1992 due to: 1) an increase in training-related expenses of \$12,709 each year; 2) an annual increase of \$10,221 to fund lease cars for district judges who travel to several courts; 3) an increase of \$4,750 in fiscal 1992 and \$500 in fiscal 1993 to update and print the judge's bench book; and 4) other fixed cost and inflationary adjustments. A reduction to the fiscal 1990 base for the costs of high mileage lease cars offsets some of the increases authorized by the legislature.

### Funding

The District Court Operations program is funded entirely by general fund.

## WATER COURTS SUPERVISION

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	11.00	11.00		11.00	11.00	11.00		11.00
Personal Services	347,041	317,041	16,802	333,843	350,864	350,864	28,266	379,130
Operating Expenses	115,505	115,505	0	115,505	113,824	113,824	0	113,824
Equipment	31,791	31,791	0	31,791	18,400	18,400	0	18,400
Total Costs	\$494,337	\$464,337	\$16,802	\$481,139	\$483,088	\$483,088	\$28,266	\$511,354
<u>Fund Sources</u>								
State Revenue Fund	494,337	464,337	16,802	481,139	483,088	483,088	28,266	511,354
Total Funds	\$494,337	\$464,337	\$16,802	\$481,139	\$483,088	\$483,088	\$28,266	\$511,354

### Program Description

The Water Courts Supervision program adjudicates claims of existing water rights in Montana and supervises the distribution of water among the four water divisions of the state as defined in Section 3-7-102, MCA. The program goal is to expedite the adjudication of water rights established prior to 1973 and of existing water rights in all 85 water basins.

### Special Session Action

The legislature reduced the Water Courts Supervision program general fund appropriation by \$30,000 in fiscal 1992. The program will leave a water master position vacant to accrue the savings. The legislature increased the fiscal 1992 state special revenue and decreased the general fund appropriations in the Department of Natural Resources and Conservation by the amount of the reduction in the water court program.

### Budget as Approved by the Regular 1991 Legislative Session

Fiscal 1992 personal services costs are 9.5 percent higher than fiscal 1990 due to: 1) vacancy savings in fiscal 1990; 2) continuation of the fiscal 1991 pay plan in the 1993 biennium; 3) budgeting the salary of the Water Court judge position at the statutorily mandated level (Section 3-7-222, MCA); and 4) the judicial salary increase authorized in Senate Bill 228 which adds \$11,444 over the biennium.

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## WATER COURTS SUPERVISION

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The last legislature appropriated only part of the salary for the water court judge as the position was held by a retired judge, who received supplemental retirement pay.

The operating budget increases 4.2 percent due to: 1) an increase in communications costs which adds \$5,000 annually; 2) an increase in education and training costs of \$3,427 annually; 3) travel cost increases of \$2,625 annually; 4) the cost of the legislative audit in fiscal 1992 of \$1,736; and 5) other fixed cost and inflationary adjustments. A reduction of \$9,807 for lease payments for the word processing system partially offsets the increases.

The program is budgeted for the same level of activity as in the 1991 biennium. Water Court activity is dependent to some degree on the number of water rights that the Department of Natural Resources and Conservation (DNRC) can review and process. Once DNRC has processed all water rights in a basin, the Court issues a temporary preliminary decree for that basin and begins its work of resolving contested water rights. DNRC estimates that it will conclude its work in five basins in the 1993 biennium, compared to a planned completion of three basins in the 1991 biennium. There are 85 basins in the state and the Water Court has issued eight temporary preliminary decrees.

Equipment includes personal computers and software to replace the word processing system now in use. The acquisition of personal computers alleviates the need for the ongoing lease cost of \$9,807 for the word processing system. The Executive Budget included a new 1.0 clerical FTE that the Judiciary testified was not needed due to the authorization to purchase the new personal computer system, which would give all staff greater access to word processing and document management systems.

### Funding

The program is funded from the water development state special revenue account, which receives revenue from resource indemnity trust interest, water development project revenues and the coal severance tax.

## CLERK OF COURT

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	4.00	4.00		4.00	4.00	4.00		4.00
Personal Services	133,390	126,684	5,992	132,676	133,085	126,289	9,856	136,145
Operating Expenses	38,014	38,014	0	38,014	37,995	37,995	0	37,995
Total Costs	\$171,404	\$164,698	\$5,992	\$170,690	\$171,080	\$164,284	\$9,856	\$174,140
<u>Fund Sources</u>								
General Fund	171,404	164,698	5,992	170,690	171,080	164,284	9,856	174,140
Total Funds	\$171,404	\$164,698	\$5,992	\$170,690	\$171,080	\$164,284	\$9,856	\$174,140

## Program Description

The Clerk of Court program performs several support and operational duties for the Supreme Court. The program keeps the court records and files, issues writs and certificates, approves bonds as required, files all papers and transcripts, and performs such other duties as required by law and the rules and practice of the Supreme Court (Title 3, Chapter 2, Part 4, MCA).

## Special Session Action

The special session reduced the Clerk of Court program general fund appropriation by \$13,502 over the biennium. The agency did not identify specific actions that would be taken to absorb the reduction.

## Budget as Approved by the Regular 1991 Legislative Session

FTE increase by 4.0 as a reorganization moved these positions from the Supreme Court Operations program to the Clerk of Court program in fiscal 1990.

Fiscal 1992 personal services costs increase by 4.7 percent from fiscal 1990 due to: 1) a budget modification which increases the salary of the deputy clerk of the Supreme Court by \$3,323 each year; and 2) continuation of the fiscal 1991 pay plan in the 1993 biennium.

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## CLERK OF COURT

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The operating budget increases 31.3 percent due to: 1) an increase in communications costs to allow the program to reinstate the practice of returning documents by certified mail, which adds \$4,925 each year; 2) an increase in records storage costs which adds \$1,237 annually; 3) travel cost increases of \$1,038 annually; 4) an increase in computer training costs of \$698 annually; 5) an increase in supplies costs of \$815 each year; and 5) other fixed cost and inflationary adjustments.

### Funding

The program is funded from the general fund.

## DISTRICT COURT REIMBURSEMENT

<u>Budget Item</u>	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	1.00	1.00		1.00	1.00	1.00		1.00
Personal Services	24,695	24,695	1,988	26,683	24,638	24,638	3,017	27,655
Operating Expenses	54,317	54,317	0	54,317	52,530	52,530	0	52,530
Grants	<u>2,605,415</u>	<u>2,605,415</u>	<u>0</u>	<u>2,605,415</u>	<u>2,729,405</u>	<u>2,985,405</u>	<u>0</u>	<u>2,985,405</u>
Total Costs	\$2,684,427	\$2,684,427	\$1,988	\$2,686,415	\$2,806,573	\$3,062,573	\$3,017	\$3,065,590
<u>Fund Sources</u>								
General Fund	<u>2,684,427</u>	<u>2,684,427</u>	<u>1,988</u>	<u>2,686,415</u>	<u>2,806,573</u>	<u>3,062,573</u>	<u>3,017</u>	<u>3,065,590</u>
Total Funds	<u>\$2,684,427</u>	<u>\$2,684,427</u>	<u>\$1,988</u>	<u>\$2,686,415</u>	<u>\$2,806,573</u>	<u>\$3,062,573</u>	<u>\$3,017</u>	<u>\$3,065,590</u>

### Program Description

The District Court Criminal Reimbursement program provides reimbursement to counties for the certain costs related to criminal cases (Section 3-5-901, MCA). Counties deduct 7 percent of the 2 percent tax collected on automobiles and trucks, with a rated capacity of three-quarters of a ton or less, to fund district court criminal costs (Section 61-3-509 (2), MCA). These funds are remitted to the state treasurer and paid back to counties. If funds appropriated for district court criminal expenses exceed such expenses, counties may apply for and be awarded grants for district court expenses (Section 7-6-2352, MCA). If the state appropriation is insufficient to cover district court criminal expenses, counties are liable for such expenses.

### Special Session Action

The special session increased grants to counties for reimbursement of allowable district court criminal costs by \$256,000 in fiscal 1993, the anticipated increase in vehicle fee collections in fiscal 1993. The legislature raised grants to offset the increased cost of court-ordered psychiatric evaluations. The legislature adopted the Executive proposal billing counties beginning in fiscal 1993 for the cost of such evaluations which previously were funded from the Montana State Hospital appropriation.

### Language

"If revenue deposited to the general fund under the provisions of 61-3-509 is less than the appropriation for district court reimbursement, the Supreme Court administrator shall reduce the reimbursement to an amount equal to the revenue collected."

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## DISTRICT COURT REIMBURSEMENT

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### Budget as Approved by the Regular 1991 Legislative Session

The legislature transferred the District Court Criminal Reimbursement program from the Department of Commerce to the Judiciary in House Bill 864, effective July 1, 1991.

Fiscal 1992 personal services costs decrease by 34.8 percent from fiscal 1990 as administrative time was paid directly from personal services rather than as a recharge in program operating expenses and due to continuation of the 1991 pay plan in the 1993 biennium. The 1993 biennium operating budget contains about \$6,700 each year for administrative recharges.

The operating budget increases 101.3 percent due to: 1) an increase in the cost of district court audits for about \$15,000 each year; 2) administrative recharges of \$6,700 annually; and 3) other fixed cost and inflationary adjustments.

Grants increase by 2.8 percent due to budget the amount estimated to be available for transfer to counties. Language included in House Bill 2 limits grants to the amount of revenue collected by counties.

House Bill 246 passed by the legislature creates an Appellate Defender Commission that is administratively attached to the Department of Administration. The bill appropriates \$100,000 each year of the biennium to fund the commission. The appropriation is made from the vehicle assessments that fund the district court criminal reimbursement program. The bill requires that the commission appropriation must be funded prior to district court costs.

### Funding

The program is funded from the general fund which is offset by deposit of taxes assessed on vehicles and collected by counties and remitted to the state.

## BUDGET REDUCTION

<u>Budget Item</u>	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	.00	.00		.00	.00	.00		.00
Personal Services	25,856-	39,629-	0	39,629-	25,781-	52,060-	0	52,060-
Total Costs	\$25,856-	\$39,629-	\$0	\$39,629-	\$25,781-	\$52,060-	\$0	\$52,060-
<u>Fund Sources</u>								
General Fund	25,856-	39,629-	0	39,629-	25,781-	52,060-	0	52,060-
Total Funds	\$25,856-	\$39,629-	\$0	\$39,629-	\$25,781-	\$52,060-	\$0	\$52,060-

## Special Session Action

During the 1991 regular session and the 1992 special session, the legislature imposed the reduction in the agency's general fund budget shown in the table above. Section 6 of House Bill 2 allows the agency, with the approval of the approving authority as defined in Section 17-7-102, MCA, to determine the proportional share of the amount to be applied to each program.

The special session reduced the annual general fund appropriation of the Judiciary by an additional five percent excluding in both years: salaries of elected judges, automated legal data bases, and district court judge training. The salary of the elected Clerk of Court was excluded in fiscal 1993 only. The special session increase in the general reduction reflects the difference between a five percent decrease each year and the total of reductions taken in each program. The special session increased the general reduction \$13,773 in fiscal 1992 and \$26,279 in fiscal 1993. The amount of the general reduction plus the reductions in each program equal a five percent reduction.



## GOVERNOR'S OFFICE

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	59.50	59.50		59.50	59.50	58.50		58.50
Personal Services	2,062,670	1,982,378	106,119	2,088,497	2,062,010	1,970,259	171,437	2,141,696
Operating Expenses	853,475	817,162	0	817,162	879,541	823,740	0	823,740
Equipment	208,559	365,059	0	365,059	19,381	1,000	0	1,000
Total Costs	\$3,124,704	\$3,164,599	\$106,119	\$3,270,718	\$2,960,932	\$2,794,999	\$171,437	\$2,966,436
<u>Fund Sources</u>								
General Fund	2,596,321	2,600,216	89,522	2,689,738	2,432,856	2,221,923	144,343	2,366,266
State Revenue Fund	78,221	99,221	362	99,583	78,186	108,186	573	108,759
Federal Revenue Fund	450,162	465,162	16,235	481,397	449,890	464,890	26,521	491,411
Total Funds	\$3,124,704	\$3,164,599	\$106,119	\$3,270,718	\$2,960,932	\$2,794,999	\$171,437	\$2,966,436

## Agency Description

The Office of the Governor was created upon acceptance of Montana into the United States in 1889 and exists under authority contained in Article VI of the Montana Constitution. The Governor has constitutional and statutory authority to administer the affairs of the State of Montana; appoint all military and civil officers of the state whose appointments are provided for by statute or the Constitution; approve or disapprove legislation; report to the legislature on the condition of the state; submit a biennial executive budget; grant reprieves and pardons; serve on various boards and commissions as provided by the Constitution and statutes; and represent the state in relations with other governments and the public.

## GOVERNOR'S OFFICE

## Special Session Action

		Executive Budget Proposal		Legislative Budget Action			
		Fiscal 1992		Fiscal 1993		Fiscal 1992	
		General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Description	Pgm						
House Bill 2							
1 Executive Office Operations	01	(\$16,507)		(\$21,476)		(\$21,476)	
2 Flathead Basin Commission	01	(12,000)		(12,000)		(12,000)	
3 Indirect Cost Actg. Change	01	(5,000)	5,000	(5,000)	5,000	(5,000)	5,000
4 Mansion Operating Reductions	02	(5,176)		(5,212)		(5,212)	
5 Air Transportation Operations	03	(2,815)		(2,823)		(2,823)	
6 Air Transp. Cost Reimb.	03	(10,000)	10,000	(10,000)	10,000	(10,000)	10,000
7 Replacement Aircraft	03			159,080		(19,925)	
8 Eliminate Clearinghouse	04	(1,000)		(34,000)		(34,000)	
9 NASBO 1992 National Meeting	04	(5,000)		(5,000)		(5,000)	
10 CBPP Operating Reductions	04	(25,254)		(24,718)		(24,718)	
11 Special Session Costs	04			8,111			
12 Lt. Governor Operations	12	(5,431)		(5,418)		(5,418)	
13 Lt. Governor-Funding Switch	12	(6,000)	6,000	(15,000)	6,000	(15,000)	15,000
14 Citizen's Advocate Cost Reimb.	16	(15,000)	15,000	(15,000)	15,000	(15,000)	15,000
15 Citizen's Advocate Vac. Svgs.	16	(422)		(421)		(421)	
16 Board of Visitors Increase	20					8,624	
17 Board of Visitors Operations	20	(1,395)		(1,813)		(1,813)	
18 General Budget Reduction	NA					(41,751)	
Sub-Totals		(111,000)	36,000	(157,881)	45,000	(210,933)	45,000
Other							
19 ARCO Fund Balance Tfr (HB 2)	01						
20 Sale of Aircraft (HB2)	03	(28,000)		(28,000)		(28,000)	
Sub-Totals		(28,000)		(603,000)			
Grand Totals		(\$139,000)	\$36,000	(\$157,881)	\$45,000	(\$210,933)	\$45,000

## GOVERNOR'S OFFICE

1, 4, 5, 10, 12, 15, 17) General Operational Reductions - The Executive Budget proposal and subsequent legislative action included general program reductions in all seven programs funded by general fund in the Governor's Office. The general reductions for all programs were as follows: 1) personal services -- \$20,000 each fiscal year for an average 1.0 percent added vacancy savings per program; 2) operating expenses -- \$18,500 in fiscal 1992 and \$23,500 in fiscal 1993, an average reduction of 2.6 percent of total operating expenses in fiscal 1992 and 3.2 percent in fiscal 1993; and 3) equipment -- \$18,500 in fiscal 1992 and \$18,381 in fiscal 1993, which was 80.7 percent of the equipment budgets for these programs (excluding airplane debt service payments) in fiscal 1992 and 100 percent of the fiscal 1993 equipment budget.

2) Flathead Basin Commission Reduction - The Flathead Basin Commission (tasked with preserving clean water sources in the Flathead Basin) is supported by an annual budget of \$78,000 in private funds and approximately \$18,000 in general fund administrative support in the Executive Office. The Executive Budget proposal and subsequent legislative action eliminated \$12,000 general fund support each year. The Commission has historically spent less than 50 percent of its annual appropriation.

3) Indirect Cost Accounting Change - The Governor's Office has historically collected more indirect cost reimbursement funds from federal sources than the agency has spending authority. In prior years, the excess collections were deposited into the general fund. The Executive Budget proposal and subsequent legislative action established state special revenue fund authority for the amount of the excess collections, reducing the general fund by the same amount (\$5,000 per year). This action changes accounting procedure but does not have any net impact on the general fund.

6) Air Transportation Cost Reimbursement - This action provides for a funding switch by establishing a state special revenue fund to receive revenues from a new fee that will be charged to agencies for use of the Governor's aircraft. The general fund appropriation was reduced by the same amount, \$10,000 per year. There is no reduction in total spending authority.

7) Replacement Aircraft - The legislature included language in House Bill 2 requiring the sale of the Governor's Beechcraft King-Air airplane in fiscal 1992 (see item 20 below) and an appropriation of \$175,000 general fund in fiscal 1992 for replacement of the aircraft with a less expensive model. In addition, the legislature reduced operating costs in the Air Transportation Program by \$15,920 in fiscal 1992 and \$19,925 in fiscal 1993 to reflect anticipated lower operating costs of the new aircraft. Net gain to the general fund during the 1993 biennium from the replacement of the King-Air (assuming a net sales price of \$575,000) is expected to be \$435,845.

8) Eliminate the IGR Clearinghouse Function - The Executive recommended and the legislature approved elimination of the Intergovernmental Review (IGR) Clearinghouse operation in the Office of Budget and Program Planning (OBPP) and eliminated the 1.0 FTE tasked with those duties in fiscal 1993. The reduction includes personal services of \$1,000 in fiscal 1992 and \$30,000 in fiscal 1993, plus \$4,000 of operating expenses in fiscal 1993. The IGR Clearinghouse function provided a means of making public all federal government grants, contracts, and other projects scheduled in the state. This has been done in Montana by publishing a monthly newsletter of scheduled federal projects, notifying the public of deadlines and means for public comment/input. Several years ago, the federal government eliminated the requirement that states provide a clearinghouse function, and other states preceded Montana in eliminating this function.

## GOVERNOR'S OFFICE

9) NASBO 1992 National Meeting - The Executive recommended and the legislature approved elimination of a budget modification for one-time support services associated with hosting the annual meeting of the National Association of State Budget Officers, discussed below. Agency staff say that private funding will be sought for this purpose.

11) Special Session Costs - OBPP - The legislature increased the general fund appropriation in OBPP by \$8,111 in fiscal 1992 for special session additional operating costs, including printing, data processing, supplies, and one contract analyst.

13) Lt. Governor - Funding Switch - The Executive Budget proposal recommended and the legislature approved reducing the Lt. Governor's Office general fund appropriation by \$6,000 in fiscal 1992 and \$15,000 in fiscal 1993 and increasing other fund sources by the same amount to support one FTE. This existing position will provide support for an Economic Development Task Force being organized by the Lt. Governor. Funding for the position will come from agencies participating on the council, in a yet-to-be determined funding ratio.

14) Citizen's Advocate Cost Reimbursement - Historically the Citizen's Advocate Office has been supported entirely by general fund. The Executive Budget recommended and the legislature approved a funding switch, reducing the general fund appropriation by \$15,000 per year and creating a federal revenue appropriation supported by allocations of federal funds administered by SRS and the Department of Family Services for the proportionate share of services provided by the Citizen's Advocate Office for federally funded programs in those agencies.

16) Board of Visitors Operations Increase - The legislature increased the operating expense appropriation in the Board of Visitors Program by \$6,996 in fiscal 1992 and \$8,624 in fiscal 1993 to provide additional funding for the Board of Visitors' oversight role in the placement of patients as a result of the planned reduction of patients at the Montana State Hospital. A corresponding reduction was approved in the appropriation for the Department of Corrections and Institutions Mental Health Division.

18) General Budget Reduction - The legislature imposed a \$59,292 reduction in the agency's total general fund budget for fiscal 1992 and \$41,751 for fiscal 1993 in addition to the specific budget changes shown above. Since the agency will be allowed to allocate this budget reduction among programs, it is reflected in the agency table above but is not reflected in the individual program tables and not discussed in the program narratives. The last program table in the agency, entitled "Budget Reduction", shows the budget reduction imposed on the agency by the legislature during the special session and during the 1991 regular session.

The above action was intended to bring total operational general fund reductions from special session action to 5 percent in fiscal 1992 and 6 percent in fiscal 1993. The combined vacancy savings for this agency (including original House Bill 2 vacancy savings of 4.5 percent, plus the general budget reduction and the personal services reductions discussed under "General Operational Reductions" above during special session) is 8.3 percent in fiscal 1992 and 7.3 percent in fiscal 1993 (excluding elected officials' salaries).

19) ARCO Fund Balance Transfer - The Governor's Office will transfer to the general fund the private funds (from ARCO Coal Company) remaining in a state special revenue account for the Clark Fork Demonstration Project.

20) Sale of Governor's Aircraft - The legislature included language in House Bill 2 requiring the sale of the Governor's Beechcraft King-Air airplane at an estimated sale price of \$575,000 (see "Language" discussion below), and deposit of the proceeds in the general fund. As discussed in item 7 above, the legislature also included funds for replacement with a less expensive aircraft.

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## GOVERNOR'S OFFICE

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### Language

"Public funds may not be used to support the Governor's radio newswire, a telephone service providing recorded news briefs."

"The Governor's Office shall transfer to the general fund from the AROO Clark Fork state special revenue account \$28,000 in fiscal 1992."

"The Governor is directed to sell the Governor's airplane for an amount sufficient to deposit approximately \$575,000 in the general fund in fiscal 1992 after selling costs."

The transfer of the AROO fund balance is further explained in item 19 under "Special Session Action" above, and the language directing the airplane sale is further explained in item 20 above.

### Budget as Approved by the Regular 1991 Legislative Session

The Governor's Office budget shows a decrease from fiscal 1990 to 1992, due to offsetting factors. Decreases occur in the following programs: 1) the Statehood Centennial Office, which terminates at the end of the 1991 biennium; 2) the Air Transportation program, due to final payment for the new aircraft in fiscal 1992; and 3) the Mansion Maintenance program, which had a number of one-time expenses in fiscal 1990. These program decreases are nearly offset by increases of up to 16.5 percent in the other programs. The primary reasons for increases are vacancy savings in fiscal 1990 in most programs, a significant increase in the Flathead Basin Commission budget over the fiscal 1990 level, and increases in federal funding for the Northwest Regional Power Act program and the Mental Disabilities Board of Visitors program.

The legislature implemented a 0.5 percent reduction in the agency's total general fund budget, \$13,029 in fiscal 1992, and \$12,256 in fiscal 1993. Since the agency will be allowed to allocate this budget reduction among programs, it is reflected in the agency table above but is not reflected in the program tables and narratives.

FTE decrease due to the elimination of the Statehood Centennial Office program and the Clark Fork Coordinator position, partially offset by the addition of a 0.3 FTE in the Mental Disabilities Board of Visitors program.

The legislature implemented a 4 percent (\$172,914) across-the-board reduction in funding for the total agency personal services in fiscal 1992 and 1993. Funding sources were reduced in proportion to the total personal services at the program level.

## GOVERNOR'S OFFICE

## Summary of Budget Modifications

	PGM	FTE	General Fund	Other Funds	FTE	General Fund	Other Funds
1 Additional Equipment		04	4,000				
Totals			4,000				

1) Equipment Replacement - This modification provides \$4,000 general fund to the Office of Budget and Program Planning in fiscal 1992 to replace a copy machine purchased in 1984 that has experienced excessive mechanical failure.

NASBO 1992 National Meeting - The 1991 legislature approved a modification providing \$10,000 general fund in the 1993 biennium for hosting the annual meeting of the National Association of State Budget Officers in Kalispell in July 1992. Funding for the modification was eliminated in the January 1992 Special Session, as discussed in item 9 above under "Special Session Action".

The Executive Budget originally requested a budget modification for \$2.0 million general fund and \$8.0 million other fund spending authority for the natural resource damage assessment and litigation. This request was revised during the 1991 legislative session, when the Executive requested and received authorization for a \$4.9 million general fund loan to the Department of Health and Environmental Sciences for this purpose.

## Funding

State special revenue funds decrease due to the elimination of the Statehood Centennial program. Other activities funded by state special revenue funds are the Flathead Basin Commission in the Executive Office program, a \$5,000 per year cost reimbursement account in the Executive Office discussed in Special Session Action item 3, air transportation reimbursements by other state agencies as discussed in item 6 Special Session Action, and \$21,000 for the biennium in the Lt Governor's Office for an Economic Development Task Force, as described in Special Session Action item 13. Federal funds provide 100 percent of the Northwest Regional Power Act program budget, a \$48,500 per year grant to the Mental Disabilities Board of Visitors program, and \$15,000 each fiscal year to the Citizens' Advocate Office (see item 14 above under "Special Session Action"). The remainder of the Governor's Office Budget is supported by general fund.

## EXECUTIVE OFFICE PROGRAM

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	21.50	21.50		21.50	21.50	21.50		21.50
Personal Services	762,175	756,343	35,078	791,421	762,248	756,447	55,915	812,362
Operating Expenses	348,327	327,827	0	327,827	331,098	305,598	0	305,598
Equipment	<u>2,175</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,175</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Costs	\$1,112,677	\$1,084,170	\$35,078	\$1,119,248	\$1,095,521	\$1,062,045	\$55,915	\$1,117,960
<u>Fund Sources</u>								
General Fund	1,034,455	1,000,948	34,716	1,035,664	1,017,335	978,859	55,342	1,034,201
State Revenue Fund	78,221	83,221	362	83,583	78,186	83,186	573	83,759
Federal Revenue Fund	<u>1</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Funds	\$1,112,677	\$1,084,170	\$35,078	\$1,119,248	\$1,095,521	\$1,062,045	\$55,915	\$1,117,960

### Program Description

The Executive Office program provides support to the Governor in overseeing and coordinating the activities of the executive branch of Montana state government. The program provides administrative, legal, press, and centralized services support for the office of the Governor, as well as executive administration of programs with special impact on the citizens and governmental concerns of Montana. Special programs include coordination of services for senior citizens and preserving clean water in the Flathead Basin.

### Special Session Action

The Executive Budget recommended and the January 1992 special session approved the following reductions in the Executive Program: 1) additional vacancy savings for this program (\$5,832 in fiscal 1992 and \$5,801 in fiscal 1993); 2) reduced operating expenses \$8,500 in fiscal 1992 and \$13,500 in fiscal 1993; 3) elimination of the equipment budget for this program (\$2,175 each year); 4) reduction Flathead Basin Commission general fund support by \$12,000 each year (see item 2, agency narrative, under "Special Session Action"; 5) an indirect cost accounting change of \$5,000 each year (see item 3, agency narrative, under "Special Session Action"); and 6) the transfer of Clark Fork Demonstration Project funds (\$28,000) from a state special revenue account to the general fund in fiscal 1992 (item 19, agency narrative, under "Special Session Action").

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## EXECUTIVE OFFICE PROGRAM

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### Budget as Approved by the Regular 1991 Legislative Session

The Executive Office budget increases from fiscal 1990 to 1992 primarily due to personal services increases, new network service fees, and continued funding for the Flathead Basin Commission at the fiscal 1991 appropriated level, which is higher than fiscal 1990 expenditures.

Personal services increase due to vacancy savings in fiscal 1990 and the fiscal 1991 pay plan increase which continues into the 1993 biennium.

Operating expenses increase over fiscal 1990 levels due to: 1) actual expenditures in fiscal 1990 for the Flathead Basin Commission of \$10,073, compared to a 1993 biennium budget of over \$78,000 per year; 2) increases of over \$20,000 per year for fixed costs such as audit and computer network fees; and 3) inflationary adjustments. The fiscal 1992 appropriation is higher than fiscal 1993 due to a biennial appropriation of \$18,152 for audit fees.

Equipment includes \$1,270 per year for replacement file cabinets, chairs, and tables, plus \$905 per year for computer software.

Since the Clark Fork River Basin project was completed in fiscal 1990, it is not included in the 1993 biennium budget. The Flathead Basin Commission, which is authorized to raise private and other funds to perform its mission, is funded at the 1991 biennium appropriation level.

### Funding

The program is funded by general fund with the exception of the Flathead Basin Commission, which is funded by private funding placed in a state special revenue account, and a \$5,000 per year state special revenue appropriation which receives reimbursement for indirect costs of services provided for federal programs.



## MANSION MAINTENANCE PROGRAM

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	1.50	1.50		1.50	1.50	1.50		1.50
Personal Services	30,674	28,498	2,221	30,719	30,668	28,456	3,477	31,933
Operating Expenses	<u>28,424</u>	<u>25,424</u>	<u>0</u>	<u>25,424</u>	<u>29,183</u>	<u>26,183</u>	<u>0</u>	<u>26,183</u>
Total Costs	\$59,098	\$53,922	\$2,221	\$56,143	\$59,851	\$54,639	\$3,477	\$58,116
<u>Fund Sources</u>								
General Fund	<u>59,098</u>	<u>53,922</u>	<u>2,221</u>	<u>56,143</u>	<u>59,851</u>	<u>54,639</u>	<u>3,477</u>	<u>58,116</u>
Total Funds	\$59,098	\$53,922	\$2,221	\$56,143	\$59,851	\$54,639	\$3,477	\$58,116

### Program Description

The Mansion Maintenance program is responsible for maintenance of the Governor's official residence.

### Special Session Action

The Executive Budget recommended and the January 1992 special session approved the following reductions in the Mansion Maintenance Program: 1) additional vacancy savings for this program (\$2,176 in fiscal 1992 and \$2,212 in fiscal 1993); and 2) reduced operating expenses of \$3,000 each fiscal year.

### Budget as Approved by the Regular 1991 Legislative Session

The Mansion Maintenance current level budget decreases due primarily to one-time expenditures in fiscal 1990 for replacing linens, tableware, draperies, and other household equipment. Personal services increase due to the fiscal 1991 pay plan increase which continues into the 1993 biennium and staffing at less than the fiscal 1990 appropriation level. Operating expenses increase as they are funded at fiscal 1991 appropriated levels (with inflationary adjustments), which were higher than actual expenditures in fiscal 1990.

## AIR TRANSPORTATION PROGRAM

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	1.00	1.00		1.00	1.00	1.00		1.00
Personal Services	38,403	38,088	2,066	40,154	38,623	38,300	3,356	41,656
Operating Expenses	94,342	75,922	0	75,922	120,396	97,971	0	97,971
Equipment	184,645	359,645	0	359,645	0	0	0	0
Total Costs	\$317,390	\$473,655	\$2,066	\$475,721	\$159,019	\$136,271	\$3,356	\$139,627
<u>Fund Sources</u>								
General Fund	317,390	463,655	2,066	465,721	159,019	126,271	3,356	129,627
State Revenue Fund	0	10,000	0	10,000	0	10,000	0	10,000
Total Funds	\$317,390	\$473,655	\$2,066	\$475,721	\$159,019	\$136,271	\$3,356	\$139,627

### Program Description

The Air Transportation program is responsible for providing the Governor with safe and reliable air transportation.

### Special Session Action

The Executive Budget recommended and the January 1992 special session approved the following adjustments in the Air Transportation Program appropriation: 1) additional vacancy savings for this program (\$315 in fiscal 1992 and \$323 in fiscal 1993); 2) a reduction in operating expenses, \$2,500 each fiscal year; and 3) creation of a state special revenue account (with a corresponding reduction in general fund) to receive fees from reimbursements by other agencies for use of the airplane (See item 6 under "Special Session Action", agency narrative). In addition, the legislature required the sale of the Governor's Beechcraft King-Air airplane and included funds for a replacement airplane (\$175,000) with reduced operating costs. For further discussion, see items 7 and 20 under "Special Session Action" in the agency narrative.

### Language

"The Governor is directed to sell the Governor's airplane for an amount sufficient to deposit approximately \$575,000 in the general fund in fiscal 1992 after selling costs."

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## AIR TRANSPORTATION PROGRAM

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"The Governor's aircraft is to be sold, with the proceeds from the sale to be deposited in the general fund. The appropriation in [Air Transportation Program] includes \$175,000 to purchase a new aircraft."

### Budget as Approved by the Regular 1991 Legislative Session

The Air Transportation 1993 biennium current level decreases over 10 percent from fiscal 1990 to 1992, due to a lower debt service payment on the new aircraft in fiscal 1992 than in fiscal 1990. The three-year payoff of the aircraft will be completed in fiscal 1992 and the budget for fiscal 1993 is significantly lower for that reason. The aircraft is budgeted for 220 flight hours each year in the 1993 biennium.

While personal services costs appear to increase 33.3 percent, actual fiscal 1990 costs were \$8,600 higher than shown. These additional personal services costs were paid from a supplemental appropriation in fiscal 1990 that is not reflected in fiscal 1990 costs. Personal services costs increase due to the continuation of the fiscal 1991 pay plan increase and workers' compensation insurance rate increases.

The increase in operating costs is due to additions of \$10,250 per year for co-pilot costs, inflationary adjustments for higher fuel costs, and cyclical costs of scheduled aircraft maintenance in fiscal 1993.

Equipment is for the final payment on the new Beechcraft King-Air of \$184,645 in fiscal year 1992. The actual cost of the new aircraft was \$661,000 (including debt service and acquisition costs), which was \$54,000 less than the maximum \$715,000 authorized by the 1989 legislature.

### Funding

The program is funded by general fund with the exception of a state special revenue appropriation of \$10,000 per year established in the January 1992 Special Session, to receive proceeds from new fees to be charged to other state agencies for use of the Governor's airplane.

## OFFICE OF BUDGET &amp; PROGRAM PLANNING

<u>Budget Item</u>	<u>HB 2 Regular Fiscal 1992</u>	<u>HB 2 Special Fiscal 1992</u>	<u>Pay Plan Fiscal 1992</u>	<u>Revised Total Fiscal 1992</u>	<u>HB 2 Regular Fiscal 1993</u>	<u>HB 2 Special Fiscal 1993</u>	<u>Pay Plan Fiscal 1993</u>	<u>Revised Total Fiscal 1993</u>
FTE	19.00	19.00		19.00	19.00	18.00		18.00
Personal Services	665,045	658,400	35,957	694,357	664,178	628,536	58,724	687,260
Operating Expenses	139,818	138,929	0	138,929	155,170	142,170	0	142,170
Equipment	19,609	4,000	0	4,000	15,076	0	0	0
Total Costs	\$824,472	\$801,329	\$35,957	\$837,286	\$834,424	\$770,706	\$58,724	\$829,430
<u>Fund Sources</u>								
General Fund	824,472	801,329	35,957	837,286	834,424	770,706	58,724	829,430
Total Funds	\$824,472	\$801,329	\$35,957	\$837,286	\$834,424	\$770,706	\$58,724	\$829,430

## Program Description

The Office of Budget and Program Planning (OBPP) assists the Governor in the preparation and administration of the state budget. In addition, OBPP prepares and monitors revenue estimates and collections, prepares and publishes fiscal notes on proposed legislation and initiatives, and acts as approving authority for operational plan changes, program transfers, and budget amendments. OBPP acts as the lead executive branch agency for compliance with the federal Single Audit Act.

## Special Session Action

The Executive Budget recommended and the January 1992 Special Session approved the following reductions in the Office of Budget and Program Planning appropriation: 1) additional vacancy savings for this program (\$5,645 in fiscal 1992 and \$5,642 in fiscal 1993); 2) reduction in operating expenses, \$4,000 each fiscal year; 3) reduction in the equipment budget, \$15,609 in fiscal 1992 and \$15,076 in fiscal 1993; 4) elimination of the Intergovernmental Clearinghouse Review operation, including the elimination of 1.0 FTE in fiscal 1993 (see discussion under item 8, "Special Session Action", agency narrative); and 5) elimination of the funding (\$5,000 each year) for hosting the NASBO 1992 national meeting (see the discussion under item 9, "Special Session Action", agency narrative). In addition, the legislature approved the executive request for an additional line-item appropriation of \$8,111 general fund in fiscal 1992 for additional operating costs associated with the January 1992 special session.

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## OFFICE OF BUDGET & PROGRAM PLANNING

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### Budget as Approved by the Regular 1991 Legislative Session

The OBPP budget increases primarily due to increased personal services costs. The 15.8 percent increase in personal services reflects a high vacancy savings rate in fiscal 1990 and the fiscal 1991 pay plan increase that continues into the 1993 biennium. In addition, the cost of the budget director's position is not included in fiscal 1990 personal services as it was paid on a contract basis with the federal government. The total number of FTE remains the same, although one position was transferred to the Executive Office and one position was transferred from the Lieutenant Governor's Office to this program to perform the clearinghouse function.

Operating expenses decrease due primarily to a one-time cost of \$31,050 in fiscal 1990 for personal services done on a contract basis (the director's salary and some clerical assistance). The fiscal year 1992 appropriation includes a biennial appropriation of \$17,362 for audit fees. Increases in fiscal 1993 reflect higher session year costs for printing, postage, and computer processing.

Equipment includes \$26,810 for the biennium for computer equipment upgrades and \$3,875 for computer software. The equipment upgrades include an increase in computer memory levels, a new printer, a back-up system, and replacement of older IBM model XT's.

## NORTHWEST REGIONAL POWER ACT

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	6.50	6.50		6.50	6.50	6.50		6.50
Personal Services	259,471	259,471	13,048	272,519	259,075	259,075	21,348	280,423
Operating Expenses	142,653	142,653	0	142,653	142,778	142,778	0	142,778
Equipment	1,000	1,000	0	1,000	1,000	1,000	0	1,000
Total Costs	\$403,124	\$403,124	\$13,048	\$416,172	\$402,853	\$402,853	\$21,348	\$424,201
<u>Fund Sources</u>								
Federal Revenue Fund	403,124	403,124	13,048	416,172	402,853	402,853	21,348	424,201
Total Funds	\$403,124	\$403,124	\$13,048	\$416,172	\$402,853	\$402,853	\$21,348	\$424,201

### Program Description

The Pacific Northwest Electric Power and Conservation Planning Council was created in 1981, pursuant to the Pacific Northwest Electric Power Planning and Conservation Act of 1980. The goals of the council, as outlined in the act, are to develop an electrical energy plan that will provide an efficient and adequate electric power supply for the region at the lowest possible cost, to protect and rehabilitate fish and wildlife resources in the region, and to encourage public involvement in regional decisions. The council is a regional agency made up of eight members, two each from the Pacific Northwest states of Montana, Idaho, Oregon, and Washington. These members are appointed by the Governors of the four states and approved by the respective state legislatures.

### Budget as Approved by the Regular 1991 Legislative Session

The Council's personal services budget increases due to vacancy savings in fiscal 1990 and the fiscal 1991 pay plan increase which continues into the 1993 biennium. Operating expenses are budgeted at fiscal 1991 appropriated levels with minor increases in contract services and adjustments for rent and other fixed costs. The budget includes \$1,000 per year for replacement of office equipment.

### Funding

The Northwest Power Planning Council is funded by the Bonneville Power Administration, a federal agency.

## LIEUTENANT GOVERNOR

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	4.00	4.00		4.00	4.00	4.00		4.00
Personal Services	134,465	129,714	5,975	135,689	134,098	129,360	9,453	138,813
Operating Expenses	35,653	35,653	0	35,653	35,826	35,826	0	35,826
Equipment	680	0	0	0	680	0	0	0
Total Costs	\$170,798	\$165,367	\$5,975	\$171,342	\$170,604	\$165,186	\$9,453	\$174,639
<u>Fund Sources</u>								
General Fund	170,798	159,367	5,975	165,342	170,604	150,186	9,453	159,639
State Revenue Fund	0	6,000	0	6,000	0	15,000	0	15,000
Total Funds	\$170,798	\$165,367	\$5,975	\$171,342	\$170,604	\$165,186	\$9,453	\$174,639

### Program Description

The Lieutenant Governor's Office is responsible for carrying out duties prescribed in Article VI, Section 4 of the Montana Constitution. The office serves as the liaison between state and local governments. The Lieutenant Governor serves as chairperson of the Disaster Advisory Council and the Montana/Western Canadian Boundary Advisory Committee.

### Special Session Action

The Executive Budget recommended and the January 1992 special session approved the following adjustments in the Lieutenant Governor's Office appropriation: 1) additional vacancy savings for this program (\$4,751 in fiscal 1992 and \$4,738 in fiscal 1993); 2) elimination of the equipment budget, \$680 each fiscal year; and 3) a funding switch, creating a state special revenue account with appropriation authority of \$6,000 in fiscal 1992 and \$15,000 in fiscal 1993 to provide support for an economic development task force. See the discussion under item 13, "Special Session Action", agency narrative.

### Budget as Approved by the Regular 1991 Legislative Session

Personal services increase due to vacancy savings in fiscal 1990 and the fiscal 1991 pay plan increase which continues into the 1993 biennium. A 1.0 FTE for the clearinghouse function was transferred to the Office of Budget and Program Planning in fiscal 1990.

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## LIEUTENANT GOVERNOR

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Operating expenses are continued at fiscal 1990 actual expenditure levels, with minor adjustments for increases in rent, messenger services, computer network fees, and other fixed costs.

Equipment includes \$1,060 for a small copy machine and other minor office equipment and \$300 for networking software.

### Funding

The program is funded by general fund with the exception of a state special revenue appropriation established in the January 1992 special session of \$6,000 in fiscal 1992 and \$15,000 in fiscal 1993 to fund an Economic Development Task Force. Sources of the state special revenue funds will come from agencies participating on the task force, in a yet-to-be-determined funding ratio.



## CITIZEN'S ADVOCATE OFFICE

<u>Budget Item</u>	<u>HB 2 Regular Fiscal 1992</u>	<u>HB 2 Special Fiscal 1992</u>	<u>Pay Plan Fiscal 1992</u>	<u>Revised Total Fiscal 1992</u>	<u>HB 2 Regular Fiscal 1993</u>	<u>HB 2 Special Fiscal 1993</u>	<u>Pay Plan Fiscal 1993</u>	<u>Revised Total Fiscal 1993</u>
FTE	1.50	1.50		1.50	1.50	1.50		1.50
Personal Services	49,769	49,347		52,021	49,655	49,234	4,322	53,556
Operating Expenses	<u>18,683</u>	<u>18,683</u>	<u>2,674</u>	<u>18,683</u>	<u>19,481</u>	<u>19,481</u>	<u>0</u>	<u>19,481</u>
Total Costs	\$68,452	\$68,030	\$2,674	\$70,704	\$69,136	\$68,715	\$4,322	\$73,037
<u>Fund Sources</u>								
General Fund	68,452	53,030	2,674	55,704	69,136	53,715	4,322	58,037
Federal Revenue Fund	<u>0</u>	<u>15,000</u>	<u>0</u>	<u>15,000</u>	<u>0</u>	<u>15,000</u>	<u>0</u>	<u>15,000</u>
Total Funds	\$68,452	\$68,030	\$2,674	\$70,704	\$69,136	\$68,715	\$4,322	\$73,037

### Program Description

The Citizen's Advocate Office exists to provide accessibility to state government for Montana citizens. The office provides information to citizens and acts as a referral service for public comments, suggestions, and requests for information. A toll-free number is provided to the public for this purpose.

### Special Session Action

The Executive Budget recommended and the January 1992 special session approved additional vacancy savings of \$422 in fiscal 1992 and \$421 in fiscal 1993 for this program and established a \$15,000 per year federal funds appropriation (with a corresponding reduction in general fund) for partial reimbursement of services provided by the Citizen's Advocate Office to SRS and the Department of Family Services. See the discussion under item 14, "Special Session Action", agency narrative.

### Language

"The Citizen's Advocate Office may not be eliminated."

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## CITIZEN'S ADVOCATE OFFICE

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### Budget as Approved by the Regular 1991 Legislative Session

Personal services increase due to vacancy savings in fiscal 1990 and the fiscal 1991 pay plan increase which continues in the 1993 biennium. Operating expenses decrease as they are budgeted at the fiscal 1991 appropriated level, whereas actual fiscal 1990 costs were higher. The agency obtained a supplemental in fiscal 1990 for increased costs due to a higher volume usage of the toll-free phone line, but did not request continued funding for the increased phone usage. If phone usage remains at fiscal 1990 actual levels, a supplemental will be required in the 1993 biennium to fully fund all costs of the toll-free line.

### Funding

The program is funded by general fund with the exception of a federal revenue appropriation established in the January 1992 Special Session of \$15,000 per year, supported by federal funds administered by SRS and the Department of Family Services as described above under "Special Session Action".

## MENTAL DISABILITIES BOARD OF VISITORS

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	4.50	4.50		4.50	4.50	4.50		4.50
Personal Services	135,697	134,838	9,100	143,938	135,721	134,858	14,842	149,700
Operating Expenses	45,575	52,071	0	52,071	45,609	53,733	0	53,733
Equipment	450	414	0	414	450	0	0	0
Total Costs	\$181,722	\$187,323	\$9,100	\$196,423	\$181,780	\$188,591	\$14,842	\$203,433
<u>Fund Sources</u>								
General Fund	134,685	140,286	5,913	146,199	134,743	141,554	9,669	151,223
Federal Revenue Fund	47,037	47,037	3,187	50,224	47,037	47,037	5,173	52,210
Total Funds	\$181,722	\$187,323	\$9,100	\$196,423	\$181,780	\$188,591	\$14,842	\$203,433

### Program Description

The Mental Disabilities Board of Visitors, established by the legislature in 1975, is charged with reviewing patient care at Montana's community mental health centers, as well as the institutions for the mentally ill and the developmentally disabled. The board also provides legal services for the residents at those institutions. The board consists of five members appointed by the Governor. They represent, but are not limited to, consumers, doctors of medicine, and behavioral scientists. The board employs administrative and legal staff and contracts with medical professionals to carry out its responsibilities for patient representation and facility review.

### Special Session Action

The Executive Budget recommended and the January 1992 special session approved the following operating budget reductions in the Mental Disabilities Board of Visitors Program: 1) additional vacancy savings of \$859 in fiscal 1992 and \$863 in fiscal 1993; 2) a reduction in operating expenses of \$500 each fiscal year; and, 3) a reduction in the equipment budget \$36 in fiscal 1992 and \$450 in fiscal 1993. In addition, the legislature approved an increase in operating expenses for the program by \$6,996 in fiscal 1992 and \$8,624 in fiscal 1993. This increase will provide additional funding for the Board of Visitor's increased workload in the placement of patients as a result of the planned reduction of patients at Montana State Hospital.

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## MENTAL DISABILITIES BOARD OF VISITORS

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### Budget as Approved by the Regular 1991 Legislative Session

The Board of Visitors' personal services budget increases due to the continuation of the fiscal 1991 pay plan increase in the 1993 biennium and the addition of a 0.3 FTE legal secretary that is funded by an increase in the federal grant. Operating expenses increase due to additional expenses related to the additional staff and for minor increases in rent, network fees, and other fixed costs. Equipment requested in the 1993 biennium include \$300 for a chair and bookcase and \$600 for computer software updates.

### Funding

The program is funded with general fund and a federal grant to provide legal protection and advocacy for patients in Montana's institutions for the mentally ill and developmentally disabled. The federal grant increased \$8,500 per year to fund the increase in staff and related expenses.

## BUDGET REDUCTION

<u>Budget Item</u>	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	.00	.00		.00	.00	.00		.00
Personal Services	13,029-	72,321-	0	72,321-	12,256-	54,007-	0	54,007-
Total Costs	\$13,029-	\$72,321-	\$0	\$72,321-	\$12,256-	\$54,007-	\$0	\$54,007-
<u>Fund Sources</u>								
General Fund	13,029-	72,321-	0	72,321-	12,256-	54,007-	0	54,007-
Total Funds	\$13,029-	\$72,321-	\$0	\$72,321-	\$12,256-	\$54,007-	\$0	\$54,007-

During the 1991 regular session and the 1992 special session, the legislature imposed the reduction in the agency's general fund budget shown in the table above. Section 6 of House Bill 2 allows the agency, with the approval of the approving authority as defined in Section 17-7-102, to determine the proportional share of the amount to be applied to each program.

## SECRETARY OF STATE'S OFFICE

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	35.25	35.25		35.25	35.25	35.25		35.25
Personal Services	\$811,205	\$811,205	\$59,314	\$870,519	\$811,005	\$811,005	\$93,769	\$904,774
Operating Expenses	658,257	633,257	0	633,257	633,996	608,996	0	608,996
Equipment	65,585	20,585	0	20,585	19,153	19,153	0	19,153
Total Costs	\$1,535,047	\$1,465,047	\$59,314	\$1,524,361	\$1,464,154	\$1,439,154	\$93,769	\$1,532,923
<u>Fund Sources</u>								
General Fund	1,027,283	957,283	36,580	993,863	956,000	931,000	58,002	989,002
State Revenue Fund	176,432	176,432	5,923	182,355	175,298	175,298	9,337	184,635
Proprietary Fund	331,332	331,332	16,811	348,143	332,856	332,856	26,430	359,286
Total Funds	\$1,535,047	\$1,465,047	\$59,314	\$1,524,361	\$1,464,154	\$1,439,154	\$93,769	\$1,532,923

### Agency Description

The Office of the Secretary of State is established by Article VI, Section 1 of the Montana Constitution and its duties are set forth in Section 2-15-401, MCA. The office reviews, maintains, and distributes records of business and non-profit organizations; files and maintains records of secured financial transactions; and maintains the official records of the executive branch and the acts of the legislature. As the chief election officer of the state, the Secretary of State is responsible for the application, operation, and interpretation of election laws except those pertaining to campaign finance. The office publishes the Administrative Rules of Montana and the Montana Administrative Register.

The 1991 legislature transferred State Agency Records Management to the Office of the Secretary of State from the Department of Administration. The office administers state agency records management functions including: establishing guidelines for inventorying, cataloging, retaining and transferring all public records of state agencies; establishing and operating the state records center for the purpose of storing and servicing public records not retained in office space; and operating a central microfilm unit on a cost recovery basis (section 2-6-203, MCA).

# SECRETARY OF STATE'S OFFICE

## Special Session Action

		Executive Budget Proposal		Legislative Budget Action	
		=====		=====	
Description	Pgm	Fiscal 1992		Fiscal 1993	
		General Fund	Other Funds	General Fund	Other Funds
House Bill 2					
1 Fireproof Storage	01	(\$45,000)			
2 Microfilm Project	01	<u>(25,000)</u>		<u>(\$45,000)</u>	
				<u>(25,000)</u>	<u>(\$25,000)</u>
Sub-Totals		(70,000)		(70,000)	(25,000)
Other					
3 Fund Balance Transfer Administrative Code (HB9)	NA		(\$20,000)		(\$20,000)
4 Fund Balance Transfer Records Management (HB9)	NA		(20,000)		(20,000)
5 Increase Corporate Filing Fees (HB2)	NA				<u>(150,000)</u>
Sub-Totals			(40,000)		(190,000)
Grand Totals		(\$70,000)	(\$40,000)	(\$70,000)	(\$215,000)

## Special Session Action

During the 1992 special session, the legislature removed funding for two budget modifications approved by the 1991 legislature, approved \$40,000 of fund balance transfers to the general fund from two accounts managed by the Secretary of State's Office in House Bill 9, and directed that fees be increased in an amount sufficient to deposit an additional \$150,000 to the general fund.

## SECRETARY OF STATE'S OFFICE

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- 1) Fireproof Storage - The agency did not expend any funds in this appropriation in anticipation of budget reductions required due to a revenue shortfall. The agency will try to fund a lease purchase agreement for the equipment within its remaining appropriation. An expanded discussion of this budget modification follows the budget modification table.
- 2) Microfilm Project - The special session eliminated funding for the microfilm budget modification approved by the 1991 legislature. The Executive proposal removed only fiscal 1992 funding. The agency did not expend any funds in this appropriation in anticipation of budget reductions required due to the general fund revenue shortfall. An expanded discussion of this budget modification follows the budget modification table.
- 3) Fund Balance Transfer--Administrative Code - House Bill 9 approved by the 1992 legislature transfers \$20,000 of state special revenue from the Administrative Code Account to the general fund. These funds represent agency payments for rules publication in the Montana Administrative Rules (ARM) and the Montana Administrative Register (MAR) and state agency and private payments for MAR subscriptions. The account had a cash balance of \$12,247 as of November 30, 1991, with an outstanding loan of \$40,000 to the Records Management Bureau.
- 4) Fund Balance Transfer--Records Management - Agencies pay the Secretary of State to microfilm and store agency records. House Bill 9 approved by the 1992 legislature transfers \$20,000 of the proprietary fund balance to the general fund in fiscal 1993. The cash balance of the account was \$44,959 as of November 30, with an interentity loan payable of \$40,000.
- 5) Increased Corporate Filing Fees - The special session of the legislature directed the Secretary of State to increase corporate filing fees in an amount sufficient to raise and deposit to the general fund an additional \$150,000 beginning in fiscal 1993.

### Budget as Approved by the Regular 1991 Legislative Session

The legislature implemented a 0.5 percent reduction in the total agency general fund budget for each year of the biennium. Since agencies will be allowed to allocate this budget reduction among programs, it is reflected in the agency table but is not reflected in the program tables and narratives.

The legislature implemented a 4 percent across-the-board reduction in funding for total agency personal services in agencies with more than 20.0 FTE in fiscal 1992 and 1993. However, the vacancy savings rate was reduced to 2 percent of personal services costs in the Secretary of State's Office.

The fiscal 1992 and 1993 pay plan increase (House Bill 509) is included in the agency table and in the program tables. House Bill 509 does not include an appropriation for market-based pay adjustments for exempt positions in the Secretary of State's Office.

FTE increase by 9.25 due to the transfer of the State Agency Records Management program from the Department of Administration to the Office of the Secretary of State. Personal services increase 45.4 percent due to: 1) the budget modification transferring State Agency Record Management and 9.25 FTE, which adds \$198,508 in fiscal 1992 and \$199,237 in fiscal 1993; 2) vacancy savings in fiscal 1990; and 3) continuation of the fiscal 1991 pay plan.



## SECRETARY OF STATE'S OFFICE

The operating budget increases 51.8 percent due to: 1) budget modifications which add about \$148,000 each year; 2) an increase in printing, publication, and postage expenses of \$23,347 in fiscal 1992 and \$62,231 in fiscal 1993; 3) the legislative audit in fiscal 1992 of \$15,784; and 4) other fixed cost and inflationary adjustments. Operating cost increases are partially offset by mainframe computer processing rate reductions totalling about \$25,000 in fiscal 1992 and \$35,000 in fiscal 1993.

Equipment includes a budget modification to purchase fireproof storage cabinets for corporate documents (\$45,000 general fund in 1992) and to replace personal computers and monitors, file cabinets, desks, typewriters, and microfilming equipment as determined by the agency. The special session of the legislature eliminated funds for the fireproof storage equipment.

Debt service is not budgeted in the 1993 biennium as the personal computer system expected to take the place of the Uniform Commercial Code (UCC) mainframe system has been discontinued due to performance failure. Since the personal computer system was to be funded by savings in mainframe processing costs, the amount allocated for debt service has been shifted to operating costs to fund the mainframe system costs.

Senate Bill 423 authorizes the Secretary of State to sell copies of the corporate information list maintained on the office computer system. The fiscal note prepared for the bill estimated that the sale of such information would generate general fund revenue of \$15,000 in fiscal 1992 and \$20,000 in fiscal 1993.

### Summary of Budget Modifications

		FY 1992-		FY 1993-			
PGM	FTE	General Fund	Other Funds	FTE	General Fund	Other Funds	
1 SB384-2 Mill Levy Election	01	\$52,500					
2 State Agency Record Management	05		\$331,332	9.25		\$332,856	
	Totals	9.25	\$52,500	9.25		\$332,856	

1) SB364 - Primary Election for 2-Mill Levy - This budget modification funds the cost of printing voter information pamphlets and publishing voter information in newspapers for the statewide election to authorize a statewide 2-mill property tax to fund vocational-technical education centers as required by Senate Bill 364. A general fund appropriation of \$52,500 is made in fiscal 1992.

2) State Agency Records Management - House Bill 897 transferred the responsibility for management of state agency records from the Department of Administration to the Secretary of State's Office. The Secretary of State received 9.25 FTE and \$664,188 proprietary authority over the biennium to implement the program.

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## SECRETARY OF STATE'S OFFICE

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The 1992 special session eliminated funding for two budget modifications approved by the 1991 legislature: 1) microfilming corporate documents for \$25,000 general fund each year and 2) purchase of fireproof storage cabinets for \$45,000 general fund in fiscal 1992. A short description of each of the budget modifications as originally approved follows.

**Microfilm Project** - The Secretary of State is required to maintain two copies of all records or papers that must be deposited in his office by statute. One copy must be placed in a fireproof storage area and a second copy must be retained to prepare copies of such records (Section 2-6-111, MCA). The 1991 legislature funded a level of activity, that if continued by subsequent legislatures would allow duplication of all corporate records in 7 to 8 years. The agency originally requested \$360,438 of general fund for the biennium to hire 3.0 FTE and purchase microfilming equipment to complete the project within three years.

**Fireproof Storage** - Currently the office maintains only one copy of many records, including corporate documents that are stored in open shelving stacked 14 feet high. This budget modification would have allowed the Secretary of State to comply with the statutory requirements noted above. During the special session, the agency testified that if possible it would enter into a lease/purchase agreement to acquire the cabinets.

### Funding

General fund supports the cost of the Business and Government Services program (formerly named the Records Management program). The Secretary of State collects fees for corporate document processing which are deposited to the general fund. In fiscal 1990, the program collected and deposited about \$1.1 million to the general fund compared to expenditures of \$882,000.

The Administrative Code program is funded by state special revenue from income generated from publication of the Administrative Rules of Montana, its updates and related publications. The program collected about \$186,000 in revenue in fiscal 1990, compared to expenditures of about \$142,000.

Proprietary funds support the State Agency Records Management program, which was transferred from the Department of Administration by the 1991 legislature.

## BUSINESS & GOVERNMENT SERVICES

<u>Budget Item</u>	<u>HB 2 Regular Fiscal 1992</u>	<u>HB 2 Special Fiscal 1992</u>	<u>Pay Plan Fiscal 1992</u>	<u>Revised Total Fiscal 1992</u>	<u>HB 2 Regular Fiscal 1993</u>	<u>HB 2 Special Fiscal 1993</u>	<u>Pay Plan Fiscal 1993</u>	<u>Revised Total Fiscal 1993</u>
FTE	22.50	22.50		22.50	22.50	22.50		22.50
Personal Services	\$522,357	\$522,357	\$36,580	\$558,937	\$521,477	\$521,477	\$58,002	\$579,479
Operating Expenses	455,671	430,671	0	430,671	431,713	406,713	0	406,713
Equipment	54,100	9,100	0	9,100	7,561	7,561	0	7,561
Total Costs	\$1,032,128	\$962,128	\$36,580	\$998,708	\$960,751	\$935,751	\$58,002	\$993,753
<u>Fund Sources</u>								
General Fund	1,032,128	962,128	36,580	998,708	960,751	935,751	58,002	993,753
Total Funds	\$1,032,128	\$962,128	\$36,580	\$998,708	\$960,751	\$935,751	\$58,002	\$993,753

### Program Description

The Business and Government Services Program is the custodian of all official acts of the executive and legislative branches of Montana state government. In addition, the program, responsible for insuring uniform application of election laws, assists local officials in the operation of all elections; publishes and maintains official canvass results; and publishes and disseminates voter information. The program also administers the Agricultural Lien Program, a centralized filing and access system for security interests covering agricultural products and property.

### Special Session Action

The special session eliminated funding for two budget modifications approved by the 1991 regular session of the legislature. The budget modifications and funding levels removed were: 1) microfilming corporate documents for \$25,000 each year of the biennium, and 2) purchase of fireproof storage for documents for \$45,000 in fiscal 1993. The agency narrative includes a more detailed description of each of these budget modifications.

### Language

"The Secretary of State is directed to raise annual corporate report fees by an amount sufficient to deposit and additional \$150,000 in the general fund beginning in fiscal 1993."

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## BUSINESS & GOVERNMENT SERVICES

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### Legislative Intent

It is the intent of the legislature that \$19,924 in fiscal 1992 and \$58,962 in fiscal 1993 of the appropriation for this program be used for printing, publication, and postage expenses only.

### Budget as Approved by the Regular 1991 Legislative Session

Personal services increases 6.7 percent due to: 1) vacancy savings in fiscal 1990; and 2) continuation of the fiscal 1991 pay plan in the 1993 biennium.

Operating costs increase 25.6 percent due to: 1) modifications which add \$77,500 in fiscal 1992 and \$25,000 in fiscal 1993; 2) additional printing, publication, and postage expenses of \$19,924 in fiscal 1992 and \$58,962 in fiscal 1993 (an election year); 3) inclusion of the legislative audit in fiscal 1992 at \$13,416; and 4) other fixed cost and inflationary adjustments. These operating cost increases are partially offset by rate reductions in mainframe computer processing costs of about \$25,000 in fiscal 1992 and about \$35,000 in fiscal 1993.

Equipment includes two replacement personal computers and monitors, a typewriter, a desk, and filing cabinets each year of the biennium. A laser printer is included in fiscal 1992. A budget modification for fireproof storage adds \$45,000 general fund in fiscal 1992.

The current level budget for the 1993 biennium does not include debt service as the UOC personal computer system scheduled for installation during the 1991 biennium was abandoned due to nonperformance and the lease-purchase contract for the computer equipment terminals was terminated.

### Funding

This program is supported by general fund. However, the agency charges fees for services provided by this program which are deposited to the general fund. Fee collections totalled \$1,097,927 in fiscal 1990. Based on the agency estimate of fiscal 1991 income, the agency will collect at least \$251,000 more than it expends in this program during the 1991 biennium.

## ADMINISTRATIVE CODE PROGRAM

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	3.50	3.50		3.50	3.50	3.50		3.50
Personal Services	95,185	95,185	5,923	101,108	95,042	95,042	9,337	104,379
Operating Expenses	79,762	79,762	0	79,762	78,664	78,664	0	78,664
Equipment	1,485	1,485	0	1,485	1,592	1,592	0	1,592
Total Costs	\$176,432	\$176,432	\$5,923	\$182,355	\$175,298	\$175,298	\$9,337	\$184,635
<u>Fund Sources</u>								
State Revenue Fund	176,432	176,432	5,923	182,355	175,298	175,298	9,337	184,635
Total Funds	\$176,432	\$176,432	\$5,923	\$182,355	\$175,298	\$175,298	\$9,337	\$184,635

### Program Description

The Administrative Code Program executes the duties required under the Montana Administrative Procedures Act (Title 2, Chapter 4, MCA). These duties include filing, indexing, organizing for publication, and distributing the administrative rules adopted by state agencies in the Administrative Rules of Montana and the Montana Administrative Register.

### Budget as Approved by the Regular 1991 Legislative Session

Personal services increase 39.2 percent due to: 1) a reorganization which reallocated 0.5 FTE between the Business and Government Services, and Administrative Code programs (the positions transferred to the Administrative Code Program receive about \$3,800 more annually, than the FTE transferred out of the program); 2) vacancy savings in fiscal 1990; and 3) continuation of the fiscal 1991 pay plan in the 1993 biennium.

The operating budget increases 12.7 percent due to: 1) an increase in printing costs of \$3,243 in fiscal 1992 and \$3,269 in fiscal 1993; 2) the legislative audit in fiscal 1992 of \$2,368; and 3) other fixed cost and inflationary adjustments, especially in postage which adds about \$1,800 each year.

Equipment includes part of the cost to replace two personal computers and monitors, file cabinets, and typewriters.

Debt service costs are not budgeted for the 1993 biennium as development of the UOC computer system was discontinued.

### Funding

The program is funded by revenues from the publication of rules and subscriptions to the ARM.

## STATE AGENCY RECORDS MANAGEMENT

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	9.25	9.25		9.25	9.25	9.25		9.25
Personal Services	\$198,508	\$198,508	\$16,811	\$215,319	\$199,237	\$199,237	\$26,430	\$225,667
Operating Expenses	122,824	122,824	0	122,824	123,619	123,619	0	123,619
Equipment	10,000	10,000	0	10,000	10,000	10,000	0	10,000
Total Costs	\$331,332	\$331,332	\$16,811	\$348,143	\$332,856	\$332,856	\$26,430	\$359,286
Fund Sources								
Proprietary Fund	331,332	331,332	16,811	348,143	332,856	332,856	26,430	359,286
Total Funds	\$331,332	\$331,332	\$16,811	\$348,143	\$332,856	\$332,856	\$26,430	\$359,286

## Program Description

The State Agency Records Management program was moved from the Department of Administration to the Secretary of State's Office by the 1991 legislature. The program administers state agency records management functions including: establishing guidelines for inventorying, cataloging, retaining and transferring all public records of state agencies; establishing and operating the state records center for the purpose of storing and servicing public records not retained in office space; and operating a central microfilm unit on a cost recovery basis (section 2-6-203, MCA).

## Budget as Approved by the Regular 1991 Legislative Session

The legislature added 1.0 FTE, at grade 6 step 12, with the intent that the position not be included in the 1995 biennium budget request if the individual occupying that position retires or takes another position in the agency.

The budget adopted by the legislature is 30.3 percent higher than actual fiscal 1990 expenditures (see the following table). The legislature budgeted for the number of staff employed in the Records Management program in the Department of Administration and at the grade and step those FTE were being paid in February 1991.

## STATE AGENCY RECORDS MANAGEMENT

Personal services increase 27.3 percent due to: 1) an additional FTE added by the legislature; 2) vacancy savings in fiscal 1990; and 3) continuation of the fiscal 1991 pay plan in the 1993 biennium.

### State Agency Records Management Fiscal 1990 Actual Expenditures Compared to 1993 Biennium Appropriation

Item	Fiscal 1990 Actual	-----Budgeted-----		Change 1990 to 1992
		Fiscal 1992	Fiscal 1993	
FTE	8.25	9.25	9.25	1.00
Personal Services	\$155,901	\$198,508	\$199,237	27.33%
Operating Costs	89,430	122,824	123,619	37.34%
Equipment	<u>9,029</u>	<u>10,000</u>	<u>10,000</u>	<u>10.75%</u>
Total Proprietary Funds	\$254,360	\$331,332	\$332,856	30.26%

Operating costs increase 37.3 percent due to: 1) an increase in supplies and other costs of \$25,000 each year for the microfilming project authorized in the Records Management Program, which must purchase services from the State Agency Records Management Program; and 2) fixed cost and inflationary adjustments.

Equipment includes funds for replacement or acquisition of office equipment as necessary.

### Funding

The program is funded through payments from other programs and state agencies for microfilming services and records storage.

## BUDGET REDUCTION

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	.00	.00		.00	.00	.00		.00
Personal Services	4,845-	4,845-	0	4,845-	4,751-	4,751-	0	4,751-
Total Costs	\$4,845-	\$4,845-	\$0	\$4,845-	\$4,751-	\$4,751-	\$0	\$4,751-
<u>Fund Sources</u>								
General Fund	4,845-	4,845-	0	4,845-	4,751-	4,751-	0	4,751-
Total Funds	\$4,845-	\$4,845-	\$0	\$4,845-	\$4,751-	\$4,751-	\$0	\$4,751-

During the 1991 regular session, the legislature imposed the reduction in the agency's general fund budget shown in the table above. Section 6 of House Bill 2 allows the agency, with the approval of the approving authority as defined in Section 17-7-102, MCA, to determine the proportional share of the amount to be applied to each program. The special session did not impose an additional general budget reduction in the Secretary of State's Office.



## COMMISSIONER OF POLITICAL PRACTICES

<u>Budget Item</u>	<u>HB 2 Regular Fiscal 1992</u>	<u>HB 2 Special Fiscal 1992</u>	<u>Pay Plan Fiscal 1992</u>	<u>Revised Total Fiscal 1992</u>	<u>HB 2 Regular Fiscal 1993</u>	<u>HB 2 Special Fiscal 1993</u>	<u>Pay Plan Fiscal 1993</u>	<u>Revised Total Fiscal 1993</u>
FTE	3.50	3.50		3.50	3.00	3.00		3.00
Personal Services	96,365	96,365	5,381	101,746	85,201	85,201	8,560	93,761
Operating Expenses	71,731	54,575	0	54,575	26,212	26,212	0	26,212
Equipment	1,608	1,608	0	1,608	2,108	2,108	0	2,108
Total Costs	\$169,704	\$152,548	\$5,381	\$157,929	\$113,521	\$113,521	\$8,560	\$122,081
<u>Fund Sources</u>								
General Fund	169,704	152,548	5,381	157,929	113,521	113,521	8,560	122,081
Total Funds	\$169,704	\$152,548	\$5,381	\$157,929	\$113,521	\$113,521	\$8,560	\$122,081

### Agency Description

The Office of the Commissioner of Political Practices was created in 1975 to monitor disclosures of financial contributions to and expenditures made by Montana political committees and candidates and to oversee and enforce the campaign practices law in Title 13, Chapters 35 through 37, MCA. The responsibilities of the office were expanded in 1980 by Initiative 85 to include the registration of lobbyists, the filing of their principals' financial reports, and the disclosure of elected officials' business and ownership interests.

## COMMISSIONER OF POLITICAL PRACTICES

### Special Session Action

		===== Executive Budget Proposal =====		===== Legislative Budget Action =====	
Description	Pgm	----- Fiscal 1992 -----		----- Fiscal 1993 -----	
		General Fund	Other Funds	General Fund	Other Funds
House Bill 2					
1 Legal Fees and Court Costs	NA	(\$17,156)		(\$17,156)	
	Grand Totals	(\$17,156)		(\$17,156)	

1) Legal Fees and Court Costs - The legislature approved a reduction of \$17,156 in the \$45,000 biennial appropriation for legal fees and court costs approved during the 1991 regular session. In the 1992 special session, the legislature added language to House Bill 2 allowing the Commissioner of Political Practices to use funds from the biennial appropriation for a 0.5 FTE part-time assistant to meet the \$17,156 budget reduction.

### Language

Language is included in House Bill 2 to require recovery of costs of the election booklet published by the agency, as follows:

"The Commissioner of Political Practices is to charge a fee for the Campaign Finance Report book that is sufficient to recover the costs of printing and distribution of the book. Public libraries are exempt from the charge for the book. The proceeds from the sale of the book, as well as the fees collected for reimbursement of copier charges, must be deposited in the general fund."

### Budget as Approved by the Regular 1991 Legislative Session

The budget increases primarily due to two budget modifications and the addition of a 0.25 FTE, which is included as a \$10,406 biennial appropriation in fiscal 1990 and is shown as a 0.5 FTE for the biennium. The position is to be used for part-time assistance in peak work periods throughout the biennium. Personal services also increase due to the inclusion of Budget Modification #1 discussed below.

Operating expenses increase due to Budget Modification #2 and due to budgeting the agency at fiscal 1991 appropriated levels, as compared to lower fiscal 1990 actual expenses.

## COMMISSIONER OF POLITICAL PRACTICES

Equipment costs include lease-purchase payments of \$1,608 per year for a copy machine purchased in fiscal 1991 and \$500 in fiscal 1993 for new computer software.

The legislature implemented a 0.5 percent reduction in the agency's total general fund budget for both years of the biennium which is reflected in the table above: \$627 in fiscal 1992 and \$591 in fiscal 1993.

### Summary of Budget Modifications

		FY 1992-		FY 1993-			
PGM	FTE	General Fund	Other Funds	FTE	General Fund	Other Funds	
1 Staff Termination Pay	01	\$1,150			\$550		
2 Legal Fees And Court Costs	01	<u>27,844</u>			<u>      </u>		
Totals		\$28,994			\$550		

1) Termination Pay - This modification is for \$1,700 termination pay, including accrued vacation and sick leave pay, in anticipation of the turnover of two personnel in the 1993 biennium.

2) Legal Fees and Court Costs - This modification originally added \$45,000 general fund as a biennial appropriation for legal costs related to a current campaign practices investigation case. In the 1992 special session, the legislature reduced this appropriation by \$17,156, which changed the biennial total to \$27,844.

### Funding

The Commissioner of Political Practices program is funded entirely by general fund.

## STATE AUDITOR'S OFFICE

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	70.00	70.00		70.00	70.00	70.00		70.00
Personal Services	1,812,785	1,701,110	120,959	1,822,069	1,812,400	1,707,641	193,191	1,900,832
Operating Expenses	1,055,465	1,055,465	0	1,055,465	942,073	942,073	0	942,073
Equipment	86,170	77,588	0	77,588	23,965	13,551	0	13,551
Total Costs	\$2,954,420	\$2,834,163	\$120,959	\$2,955,122	\$2,778,438	\$2,663,265	\$193,191	\$2,856,456
<u>Fund Sources</u>								
General Fund	2,303,414	2,183,157	101,729	2,284,886	2,141,084	1,984,061	162,370	2,146,431
State Revenue Fund	501,444	501,444	10,184	511,628	500,766	542,616	16,592	559,208
Proprietary Fund	149,562	149,562	9,046	158,608	136,588	136,588	14,229	150,817
Total Funds	\$2,954,420	\$2,834,163	\$120,959	\$2,955,122	\$2,778,438	\$2,663,265	\$193,191	\$2,856,456

## Agency Description

The Office of the State Auditor, established by Article VI, Section 1 of the Montana Constitution, has statutory responsibility to superintend the fiscal duties of the state and to keep an account of all state warrants. The auditor is both ex-officio commissioner of insurance and ex-officio commissioner of securities. The auditor is charged with the duty of licensing and regulating insurance companies and agents within the state, and with regulating and registering securities dealers. The auditor is director of the state employee payroll system and administers the bad debt collection function for state funds.

## STATE AUDITOR'S OFFICE

## Special Session Action

		Executive Budget Proposal		Legislative Budget Action			
		=====		=====		=====	
Description	Pgm	Fiscal 1992		Fiscal 1993		Fiscal 1992	
		General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
House Bill 2							
1 Central Mgt.-Vacancy Savings	01						
2 Computer System Replacement	01						
3 State Payroll-Vacancy Savings	02						
4 Fund Switch-Non-Res. License	03						
5 Insurance-Vacancy Savings	03						
6 Office Equipment-Insurance	03						
7 Office Equipment-Security	04						
8 Securities-Vacancy Savings	04						
9 Fiscal Control-Vacancy Svgs.	10						
10 General Budget Reduction	NA						
Grand Totals		(\$69,000)		(\$96,000)		(\$120,257)	\$41,850

1, 3, 5, 8, 9) Vacancy Savings - The Executive Budget proposal and legislative action included vacancy savings in all programs in the State Auditor's Office. The total agency reduction in personal services in this action is \$60,418 in fiscal 1992 and \$85,586 in fiscal 1993. Item 10 below also imposed additional vacancy savings, intended to bring total operational general fund reductions from special session action to 5 percent each fiscal year. The combined vacancy savings for this agency (including original House Bill 2 vacancy savings of 4.4 percent and all special session action) is 10.1 percent in fiscal 1992 and 9.3 percent in fiscal 1993 (excluding elected official's salary).

2) Computer System Replacement - This action eliminates 6.9 percent of the biennial amount appropriated in Budget Modification # 1 discussed in the table below for computer system replacement. Most of the remaining fiscal 1992 funds had already been committed for the project prior to the special session.

4) Funding Switch: Non-Resident Insurance License - The legislature reduced the general fund appropriation \$41,850 in fiscal 1993 and increased the state special revenue appropriation by the same amount. The revenues for the state special revenue account will be provided by collections of nonresident insurance producers licenses. The Legislative Auditor's Financial Compliance Audit of the State

## STATE AUDITOR'S OFFICE

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Auditor's Office for the two fiscal years ended June 30, 1990 noted that the agency has not been collecting the annual license fee for nonresident insurance producers which is required by Section 33-2-708(1)(f)(iii), MCA, and that collection of the statutory fees would increase revenues by \$41,850 per year.

6) Office Equipment - Insurance Program - This action eliminates 82 percent of the fiscal 1992 appropriation for office equipment in Budget Modification # 3, discussed below. The new carpet had been purchased prior to special session, but this proposal eliminated funding for new chairs.

7) Office Equipment - Securities - This action eliminates 97 percent of the equipment appropriation in Budget Modification # 4 discussed below. The other 3 percent had already been expended prior to special session.

10) General Budget Reduction - The legislature imposed a \$ 51,257 reduction in the agency's total general fund budget for fiscal 1992 and \$19,173 for fiscal 1993 in addition to the specific budget changes shown above. Since the agency will be allowed to allocate this budget reduction among programs, it is reflected in the agency table above but is not reflected in the individual program tables and not discussed in the program narratives. The last program in the agency, entitled "Budget Reduction", shows the budget reduction imposed on the agency by the legislature during the special session and during the 1991 regular session.

### Budget as Approved by the Regular 1991 Legislative Session

The agency's budget increases 22.5 percent from fiscal 1990 to 1992. The primary reasons for the increase are budget modifications, personal services increases, and warrant writing system cost increases, as discussed below.

The legislature implemented a 0.5 percent reduction in the agency's total general fund budget, \$11,779 in fiscal 1992 and \$10,759 in fiscal 1993. Since the agency will be allowed to allocate this budget reduction among programs, it is reflected in the agency table above but is not reflected in the program tables and narratives.

The budget includes four budget modifications at a biennial cost of \$217,873 general fund. The modifications include \$150,000 for a computer system replacement, \$56,658 for 1.0 additional FTE, and \$11,215 for office equipment. The January 1992 Special Session reduced three of the four budget modifications, as discussed in the narrative below.

FTE adjustments from fiscal 1990 to the 1993 biennium include the addition of 1.5 FTE in fiscal 1991 and 2.0 FTE in fiscal 1992 for bad debts collections, the elimination of a 0.5 FTE payroll clerk in the State Payroll program, and an additional 1.0 FTE in Budget Modification #2.

Personal services increase nearly \$300,000 from fiscal 1990 to 1992 due to: 1) the net addition of 4.0 FTE; 2) high vacancy savings in fiscal 1990; 3) the fiscal 1991 pay plan increase that continues in the 1993 biennium; and 4) additional pay raises of \$31,800 for the State Auditor's personal staff above the 1991 biennium legislative pay plan authorization.

## STATE AUDITOR'S OFFICE

The legislature implemented a 4 percent across-the-board reduction in funding for the total agency personal services, \$76,024 in fiscal 1992 and \$75,966 in fiscal 1993. Funding sources were reduced in proportion to the total personal services at the program level.

The appropriation for the direct processing costs of the warrant writing system in the Fiscal Management and Control Division have nearly doubled. The new warrant system was activated at the beginning of fiscal 1990. Higher-than-expected operating costs combined with an unanticipated increase in the volume of warrants processed have driven up processing and postage charges. The higher warrant processing costs plus the budget modifications account for most of the operating cost increases.

The equipment budget, which is primarily included in the budget modifications and an expansion of the bad debts collection function, includes \$91,920 for the computer system replacement, \$13,915 for office equipment, and \$4,300 for equipment related to expansion of the bad debts collection function.

### Summary of Budget Modifications

		FY 1992-		FY 1993-			
PGM	FTE	General Fund	Other Funds	FTE	General Fund	Other Funds	
1 Computer System Replacement	01	\$97,930			\$41,656		
2 Medicare Compliance Specialist	03	29,354		1.00	27,304		
3 Office Equipment - Insurance	03	998			1,495		
4 Office Equipment - Securities	04	140					
<b>Totals</b>	<b>1.00</b>	<b>\$128,422</b>		<b>1.00</b>	<b>\$70,455</b>		

1) Computer System Replacement - This modification as approved by the 1991 legislature appropriated \$150,000 general fund for the final phase of replacing the current agency computer system. The original Wang system reached capacity in two years and was not compatible with other state agency systems. Together with \$40,000 appropriated in the 1991 biennium, the total cost of the system replacement was expected to be \$190,000. The January 1992 Special Session reduced the 1993 biennium appropriation by \$10,414, as discussed under "Special Session Action" above.

2) Medicare Compliance Specialist - This modification funds an additional position for a medicare compliance specialist. The 1989 legislature authorized this position as a one-time expense in the 1991 biennium to implement revisions to medicare supplemental insurance regulations. The position will be made permanent to administer new requirements and regulations required by federal laws on medicare supplemental insurance. In addition to salary and benefits, this modification includes \$7,793 for the biennium for operating expenses and \$2,700 for equipment.

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## STATE AUDITOR'S OFFICE

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3) Office Equipment - Insurance - As approved by the 1991 legislature, this modification included \$6,915 for the replacement of 22 desk chairs, visitor chairs, and new carpet. The January 1992 Special Session eliminated funding for the chairs (\$4,422), as discussed under "Special Session Action" above.

4) Securities Division Equipment - As approved by the 1991 legislature, this modification included \$4,300 for the following equipment: 1) portable personal copier, \$1,000; 2) camera, \$300; 3) document shredder, \$1,800; and 4) filing cabinets, \$1,200. The equipment was to be used for securities investigations and examinations. The January 1992 Special Session eliminated \$4,160 of the funding, as discussed under "Special Session Action" above.

### Funding

Over 60 percent of the costs of the State Payroll Division are funded by a state special revenue fund generated by service charges against non-general fund programs for the central payroll function. The Insurance Division receives \$41,850 of its funding from a state special revenue fund generated by license fees for nonresident insurance producers, as implemented by the January 1992 Special Session. The Fiscal Management and Control Division receives 20 percent of its funding in fiscal 1992 from a state special revenue account which receives fees from three of the major warrant processing user agencies. The appropriation is an estimation of the cost of processing warrants for those agencies. An additional 20 percent of the Fiscal Management and Control Division funding is from the proprietary fund for the operation of the Bad Debts Collection System.

The balance of the State Auditor's Office is funded by general fund. The Insurance and Securities Divisions were funded by state special revenue in the 1989 biennium, but those accounts were de-earmarked by Senate Bill 78 in the 1989 session.



## CENTRAL MANAGEMENT

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	8.00	8.00		8.00	8.00	8.00		8.00
Personal Services	212,568	211,923	13,008	224,931	212,619	202,366	20,537	222,903
Operating Expenses	57,223	57,223	0	57,223	54,884	54,884	0	54,884
Equipment	70,250	70,250	0	70,250	21,670	11,256	0	11,256
Total Costs	\$340,041	\$339,396	\$13,008	\$352,404	\$289,173	\$268,506	\$20,537	\$289,043
<u>Fund Sources</u>								
General Fund	340,041	339,396	13,008	352,404	289,173	268,506	20,537	289,043
Total Funds	\$340,041	\$339,396	\$13,008	\$352,404	\$289,173	\$268,506	\$20,537	\$289,043

### Program Description

The Central Administration Division is responsible for the administrative, budgeting, personnel, and accounting functions for the State Auditor's Office.

### Special Session Action

As discussed under "Special Session Action" in the agency narrative, the January 1992 Special Session imposed additional vacancy savings for this program (\$645 in fiscal 1992 and \$10,253 in fiscal 1993), and reduced the \$150,000 budget modification for computer system replacement by \$10,414.

### Language

"The appropriation [of \$139,586] is for a computer system. The agency shall follow the system design recommendations approved by the Information Services Division of the Department of Administration."

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## CENTRAL MANAGEMENT

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### Legislative Intent

The language quoted above was included as part of a line-itemed budget modification for \$150,000 (reduced by the January 1992 Special Session) general fund for new computer equipment and installation costs. The language was inserted to require the use of Information Services Division for system design and for approval of the final specific design system by Information Services Division before purchase and installation.

### Budget as Approved by the Regular 1991 Legislative Session

The division's budget increases 50.5 percent from fiscal 1990 to 1992 primarily due to the computer replacement budget modification at a cost of \$150,000 general fund discussed in the agency narrative.

Personal services increase due to continuation of the fiscal 1991 pay plan increase in the 1993 biennium and additional pay raises of \$6,600 for the State Auditor's personal staff continuing into the 1993 biennium.

Operating expenses are higher due to the budget modification and increases in fixed costs, including audit fees and office rent. Operating expenses are higher in fiscal 1992 than fiscal 1993 due to the biennial audit allocation and computer replacement costs.

The equipment budget is for computer equipment purchases in the budget modification.

## STATE PAYROLL

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	9.00	9.00		9.00	9.00	9.00		9.00
Personal Services	234,734	230,480	15,934	246,414	234,524	226,524	25,382	251,906
Operating Expenses	<u>352,535</u>	<u>352,535</u>	<u>0</u>	<u>352,535</u>	<u>304,100</u>	<u>304,100</u>	<u>0</u>	<u>304,100</u>
Total Costs	\$587,269	\$583,015	\$15,934	\$598,949	\$538,624	\$530,624	\$25,382	\$556,006
Fund Sources								
General Fund	232,824	228,570	5,750	234,320	184,690	176,690	8,790	185,480
State Revenue Fund	<u>354,445</u>	<u>354,445</u>	<u>10,184</u>	<u>364,629</u>	<u>353,934</u>	<u>353,934</u>	<u>16,592</u>	<u>370,526</u>
Total Funds	\$587,269	\$583,015	\$15,934	\$598,949	\$538,624	\$530,624	\$25,382	\$556,006

## Program Description

The State Payroll Division is responsible for preparing the state payroll for state agencies on a biweekly basis. In addition, the division is responsible for maintaining the data base for the state Payroll/Personnel/Position Control (P/P/P) System, which is an integrated data base system incorporating all the requirements and data elements of three systems: payroll, personnel, and position control. The State Payroll Division was a part of the Audit Division until reorganized as a separate division in fiscal 1990.

## Special Session Action

As discussed under "Special Session Action" in the agency narrative, the January 1992 Special Session imposed additional vacancy savings for this program (\$4,254 in fiscal 1992 and \$8,000 in fiscal 1993).

## Budget as Approved by the Regular 1991 Legislative Session

The State Payroll Division's 1993 biennium budget continues at the current level, with increases for audit fees and other items offset by economies achieved by the conversion to the P/P/P on-line system and a reduction in computer processing rates charged by the Department of Administration.

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## STATE PAYROLL

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Personal services increase due to the continuation of the fiscal 1991 pay plan increase into the 1993 biennium and pay raises to the State Auditor's personal staff of \$5,700 above the pay plan authorization. These increases are offset by the 4 percent personal services reduction discussed in the agency narrative and by the elimination of a 0.5 FTE payroll clerk as a result of the P/P/P on-line conversion. When the agency requested funding for this conversion, it estimated that up to 1.75 FTE would be eliminated upon its completion. Although this saving has not yet been realized, the agency reported to the 1991 legislature that when P/P/P on-line is fully implemented, even more FTE than originally estimated will be eliminated.

Operating expenses decrease due to: 1) a reduction in rent and other fixed cost allocations; and 2) an anticipated decrease in the Department of Administration computer processing and information services charges. An offsetting increase in the fiscal 1992 appropriation is the inclusion of a biennial appropriation of \$33,461 for audit fees. The appropriation for data processing costs for the state payroll system are line-itemed in House Bill 2.

### Funding

State special revenue funds are derived from payroll service fees charged to agency non-general fund operations. There is a direct appropriation from the general fund for payroll services to general funded employees. State special revenue decreases due to economies attained by conversion to P/P/P on-line and a reduction in the percentage of non-general fund payroll employees.

## INSURANCE

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	31.00	31.00		31.00	31.00	31.00		31.00
Personal Services	845,489	799,272	54,260	853,532	844,495	791,891	87,346	879,237
Operating Expenses	150,240	150,240	0	150,240	145,660	145,660	0	145,660
Equipment	7,620	3,198	0	3,198	1,995	1,995	0	1,995
Total Costs	\$1,003,349	\$952,710	\$54,260	\$1,006,970	\$992,150	\$939,546	\$87,346	\$1,026,892
<u>Fund Sources</u>								
General Fund	1,003,349	952,710	54,260	1,006,970	992,150	897,696	87,346	985,042
State Revenue Fund	0	0	0	0	0	41,850	0	41,850
Total Funds	\$1,003,349	\$952,710	\$54,260	\$1,006,970	\$992,150	\$939,546	\$87,346	\$1,026,892

## Program Description

The Insurance Division regulates the insurance industry in Montana for the protection of Montana consumers. The division is comprised of four bureaus: Policyholder Service, Company Exam/Licensing, Agent Licensing, and Investigations. The Policyholder Service Bureau is responsible for resolving insurance consumer inquiries and complaints involving agents, coverage, and companies. The Company Exam/Licensing Bureau is responsible for the review of the financial condition, market conduct examination, premium tax collection, and licensing of all insurance companies doing business in Montana. They are also responsible for filing all rates and forms used by insurance companies in Montana. The Agent Licensing Bureau handles the testing and licensing of all agents and solicitors seeking to conduct the business of insurance in Montana. The Investigations Bureau investigates insurance code and rule violations.

## Special Session Action

As discussed under "Special Session Action" in the agency narrative, the January 1992 Special Session imposed additional vacancy savings for this program (\$46,217 in fiscal 1992 and \$52,604 in fiscal 1993) and reduced the \$6,915 budget modification for equipment (carpet and chairs) by \$4,422. In addition, the Special Session implemented a funding switch, increasing state special revenue \$41,850 and reducing the general fund appropriation by the same amount, with the state special revenue account to be funded by license fees for nonresident insurance producers. Although required by statute, the fees had not been assessed by the agency prior to this biennium.

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## INSURANCE

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### Budget as Approved by the Regular 1991 Legislative Session

The Insurance program budget increases 24.8 percent from fiscal 1990 to 1992 due to a substantial increase in personal services and two budget modifications discussed in the agency narrative.

Personal services increase nearly \$200,000 over fiscal 1990 levels due to vacancy savings in fiscal 1990, the fiscal 1991 pay plan increase that continues in the 1993 biennium, pay raises to the State Auditor's personal staff of \$10,900 above the 1991 biennium pay plan allocation, and the addition of 1.0 FTE (Medicare Compliance Specialist) in Budget Modification #2, discussed in the agency narrative. For most of the 1991 biennium, 3.0 new positions approved by the 1989 legislature to expand regulation of the insurance industry were vacant. The legislature approved the continuation of these positions for the 1993 biennium.

Operating expenses increase slightly due to additional costs added in the Medicare Compliance Specialist budget modification and biennial audit fees in fiscal 1992 only.

The equipment budget is for additional equipment for the Medicare Compliance Specialist position added in Budget Modification #2 and for office equipment included in Budget Modification #3, discussed in the agency narrative.

### Funding

This program was funded in the 1989 biennium by a state special revenue account which received fee and license revenues from regulated insurance companies. The account was de-earmarked by the 1989 legislature in Senate Bill 78, and all appropriation authorities and revenues were transferred to the general fund. The January 1992 Special Session implemented a funding switch as discussed under "Special Session Action" above and in the agency narrative, creating a state special revenue appropriation funded by nonresident insurance producer license fees (\$41,850).

## SECURITIES

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	9.00	9.00		9.00	9.00	9.00		9.00
Personal Services	246,165	241,665	15,816	257,481	246,056	239,327	25,406	264,733
Operating Expenses	47,386	47,386	0	47,386	42,260	42,260	0	42,260
Equipment	<u>4,300</u>	<u>140</u>	<u>0</u>	<u>140</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Costs	\$297,851	\$289,191	\$15,816	\$305,007	\$288,316	\$281,587	\$25,406	\$306,993
<u>Fund Sources</u>								
General Fund	<u>297,851</u>	<u>289,191</u>	<u>15,816</u>	<u>305,007</u>	<u>288,316</u>	<u>281,587</u>	<u>25,406</u>	<u>306,993</u>
Total Funds	\$297,851	\$289,191	\$15,816	\$305,007	\$288,316	\$281,587	\$25,406	\$306,993

### Program Description

The Securities Department is responsible for the administration and enforcement of the Securities Act of Montana as provided in Title 30, Chapter 10, MCA. The department is responsible for the registration of securities issuers, salesmen, broker-dealers, investment advisers, investment adviser representatives, and investigation of unregistered and fraudulent securities transactions.

### Special Session Action

As discussed under "Special Session Action" in the agency narrative, the January 1992 Special Session imposed additional vacancy savings for this program (\$4,500 in fiscal 1992 and \$6,729 in fiscal 1993) and reduced the \$4,300 budget modification for equipment by \$4,160.

### Budget as Approved by the Regular 1991 Legislative Session

Personal services increase due to vacancy savings experienced in fiscal 1991, the fiscal 1991 pay plan increase continued into the 1993 biennium, and additional pay raises to the State Auditor's personal staff of \$5,400 above the 1991 biennium pay plan allocation. Operating expenses increase due to higher fixed costs, including office rent and audit fee allocations. The fiscal 1992 appropriation includes a \$5,050 biennial audit appropriation. The equipment budget is for the equipment described in Budget Modification #4 in the agency narrative.

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## SECURITIES

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### Funding

This program was funded in the 1989 biennium by a state special revenue account which received fees from regulated securities companies. The account was de-earmarked by the 1989 legislature in Senate Bill 78, and all appropriation authorities and revenues were transferred to the general fund.



## FISCAL CONTROL AND MANAGEMENT

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	13.00	13.00		13.00	13.00	13.00		13.00
Personal Services	285,608	280,806	21,941	302,747	285,465	277,465	34,520	311,985
Operating Expenses	448,081	448,081	0	448,081	395,169	395,169	0	395,169
Equipment	4,000	4,000	0	4,000	300	300	0	300
Total Costs	\$737,689	\$732,887	\$21,941	\$754,828	\$680,934	\$672,934	\$34,520	\$707,454
<u>Fund Sources</u>								
General Fund	441,128	436,326	12,895	449,221	397,514	389,514	20,291	409,805
State Revenue Fund	146,999	146,999	0	146,999	146,832	146,832	0	146,832
Proprietary Fund	149,562	149,562	9,046	158,608	136,588	136,588	14,229	150,817
Total Funds	\$737,689	\$732,887	\$21,941	\$754,828	\$680,934	\$672,934	\$34,520	\$707,454

### Program Description

The Fiscal Control and Management Division is responsible for the issuance, control, and recording of claims and warrant payments for the State of Montana. In addition, the division is responsible for collecting and recording bad debts for the state. The bad debts function was transferred from the Department of Revenue in fiscal 1990. The Fiscal Control and Management Division was a part of the Audit Division until reorganization as a separate division in fiscal 1990.

### Special Session Action

As discussed under "Special Session Action" in the agency narrative, the January 1992 Special Session imposed additional vacancy savings for this program (\$4,802 in fiscal 1992 and \$8,000 in fiscal 1993).

### Language

The following language requires the State Auditor to develop a cost recovery plan for the cost of warrants processed for non-general fund activities but currently paid by general fund:

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## FISCAL CONTROL AND MANAGEMENT

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"The State Auditor shall implement a fee system for the purpose of recovering the operational cost of issuing warrants from all user agencies on an equitable basis. It is intended that, beginning in fiscal 1994, the general fund must be reimbursed for services provided to user agencies that are not funded entirely by the general fund. Revenues collected as reimbursement fees from user agencies for costs of issuing state warrants must be deposited in a state special revenue account. The State Auditor shall submit the cost recovery plan and the 1995 biennium fee schedule by agency to the Office of Budget and Program Planning and to the Legislative Fiscal Analyst by June 1, 1992."

### Budget as Approved by the Regular 1991 Legislative Session

The Fiscal Management and Control Division budget increases 45.5 percent, primarily due to higher personal services costs, increased volume and costs of processing state warrants through the automated warrant writing system, higher postal volumes and rates, and expansion of the bad debts collection function. The bad debts collection function was shifted from general fund to a proprietary fund operation, increasing from 3.0 to 5.0 FTE, and a 70 percent (\$122,810) increase in the cost of the program.

Personal services increase from fiscal 1990 to the 1993 biennium due to the addition of 1.5 FTE in fiscal 1991 and 2.0 additional FTE in fiscal 1992 in the Bad Debts Collection section, vacancy savings in fiscal 1990, the fiscal 1991 pay plan increase continuing into the 1993 biennium, and additional pay raises granted to the State Auditor's personal staff that were \$3,200 higher than the 1991 biennium pay plan allocation.

Significantly increased direct costs of processing warrants through the state warrant writing system (including postage costs) account for the majority of the increase in operating costs. The primary reason for the sharply increased cost was the addition of new users (most notably the State Compensation Mutual Insurance Fund compensation warrants) to the state warrant writing system after the legislature had established the 1991 biennium budget. No provision was made to recover the additional costs. Other reasons for warrant writing cost increases include: 1) the installation of a new automated warrant system in July 1989 with higher than estimated operating costs; 2) an increase in the volume of warrants processed for existing customers; and 3) an increase in postage rates. Costs for computer service charges and postage volume will exceed appropriated levels by over \$172,000 during the 1991 biennium. The shortfall will be funded by a supplemental appropriation. Current level warrant system processing costs and postage volume are based on fiscal 1990 actual levels, including the supplemental. Warrant writing system data processing costs are line-itemed in House Bill 2.

Other operating expense increases over fiscal 1990 include a 150 percent increase in operating costs for the bad debts collection function, a biennial audit fee allocation in fiscal 1992 (\$33,467), and printing costs for warrants. These increases are partially offset by decreases in computer service rates charged by the Department of Administration.

The equipment budget includes \$4,300 for additional office equipment related to expansion of the bad debts collection function.

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## FISCAL CONTROL AND MANAGEMENT

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### Funding

This program was funded entirely by general fund in the 1991 biennium. As discussed under "Language" above, the legislature requires the State Auditor to establish a cost recovery plan for the 1995 biennium to recover costs from non-general fund activities in a state special revenue account. In the interim, the legislature assessed warrant processing fees on three of the largest non-general fund accounts to provide a partial recovery of warrant processing costs based on the number of warrants multiplied by the estimated processing cost per warrant. The fees, which are to be deposited in a state special revenue account, are assessed to the State Compensation Mutual Insurance Fund (\$239,576), the Department of Fish, Wildlife, and Parks (General License account, \$41,625), and the Department of Highways (Highways Special Revenue account, \$16,193). The balance of the warrant writing function, is supported by general fund.

The Bad Debts Collection System was converted to a proprietary fund, with revenues to come from retention of a percentage of the bad debt collections on behalf of state agencies. House Bill 38 was signed by the Governor, which provides statutory authority to retain a portion of the collections. The legislature adopted a proprietary fund operation, with a \$173,430 reduction in general fund in House Bill 2. In addition, 2.0 FTE and an additional \$122,810 in proprietary funds were added to expand the program and increase the collection effort, reduced by \$10,090 for the 4 percent personal services reduction discussed in the agency narrative.

## BUDGET REDUCTION

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	.00	.00		.00	.00	.00		.00
Personal Services	11,779-	63,036-	0	63,036-	10,759-	29,932-	0	29,932-
Total Costs	\$11,779-	\$63,036-	\$0	\$63,036-	\$10,759-	\$29,932-	\$0	\$29,932-
<u>Fund Sources</u>								
General Fund	11,779-	63,036-	0	63,036-	10,759-	29,932-	0	29,932-
Total Funds	\$11,779-	\$63,036-	\$0	\$63,036-	\$10,759-	\$29,932-	\$0	\$29,932-

During the 1991 regular session and the 1992 special session, the legislature imposed the reduction in the agency's general fund budget shown in the table above. Section 6 of House Bill 2 allows the agency, with the approval of the approving authority as defined in Section 17-7-102, to determine the proportional share of the amount to be applied to each program.

## CRIME CONTROL DIVISION

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	18.00	18.00		18.00	18.00	18.00		18.00
Personal Services	534,007	513,177		547,410	533,096	519,696	55,056	574,752
Operating Expenses	225,219	205,502	34,233	205,502	219,104	219,104	0	219,104
Equipment	14,297	14,297	0	14,297	6,085	6,085	0	6,085
Grants	3,255,918	3,255,918	0	3,255,918	3,282,918	3,282,918	0	3,282,918
Benefits and Claims	451,143	451,143	0	451,143	451,143	451,143	0	451,143
Total Costs	\$4,480,584	\$4,440,037	\$34,233	\$4,474,270	\$4,492,346	\$4,478,946	\$55,056	\$4,534,002
<u>Fund Sources</u>								
General Fund	486,644	446,097	20,194	466,291	502,036	459,063	35,121	494,184
State Revenue Fund	556,939	556,939	6,347	563,286	553,308	553,308	10,190	563,498
Federal Revenue Fund	3,437,001	3,437,001	7,692	3,444,693	3,437,002	3,466,575	9,745	3,476,320
Total Funds	\$4,480,584	\$4,440,037	\$34,233	\$4,474,270	\$4,492,346	\$4,478,946	\$55,056	\$4,534,002

### Agency Description

The mission of the Crime Control Division is to promote public safety by strengthening the coordination and performance of the criminal and juvenile justice system and by increasing citizen and public official support for and involvement in criminal justice. The Crime Control Division was created by Section 2-15-2006, MCA. Under the direction of a supervisory Board of Crime Control appointed by the Governor, the Crime Control Division provides financial support, technical assistance, and supportive services to state and local criminal justice agencies. The board administers and awards several grant programs, including the Juvenile Justice and Delinquency Prevention Act, the Victim/Witness Assistance Act, the State and Local Law Enforcement Assistance Act, the Narcotics Control Assistance Program, and the State Crime Victims' Compensation program.

## CRIME CONTROL DIVISION

## Special Session Action

		Executive Budget Proposal		Legislative Budget Action	
		=====		=====	
Description	Pgm	Fiscal 1992	Fiscal 1993	Fiscal 1992	Fiscal 1993
		General Fund	General Fund	General Fund	Other Funds
House Bill 2					
1 Funding Switch-Federal Match 01					
2 Operational Expense Reduction 01		<u>(\$40,547)</u>	<u>(\$29,573)</u> <u>(13,400)</u>	<u>(\$40,547)</u>	<u>(\$29,573)</u> <u>(13,400)</u>
Sub-Totals		(40,547)	(42,973)	(40,547)	29,573
Other Appropriation Bills					
3 Fund Tfr-Crime Victim (HB 21) 01					
Sub-Totals				<u>(\$250,000)</u>	
Grand Totals		<u>(\$40,547)</u>	<u>(\$42,973)</u>	<u>(\$40,547)</u>	<u>(\$29,573)</u>

1) Funding Switch-Federal Match on Drug Enforcement Programs - The legislature reduced the general fund appropriation and increased the federal fund appropriation for drug enforcement administrative matching funds to reflect a 75 percent federal match rather than the 50 percent rate used in establishing the original fiscal 1993 appropriation. The federal government approved a one-year delay in increasing the state match rate to 50 percent. Under current law, the federal match rate will be 50 percent in fiscal 1994 and beyond, so this represents a one-time reduction of general fund.

2) Operational Expense Reduction - The Executive Budget proposal and the legislature approved an 8 percent reduction of total general fund in fiscal 1992. The agency will reduce its central administration appropriation by the full amount, and will apply \$20,830 to vacancy savings and \$19,717 to operating expenses in fiscal 1992, and \$13,400 to vacancy savings in fiscal 1993. This action increased the vacancy savings for this agency from less than 0.5 percent applied in House Bill 2 to approximately 4 percent in fiscal 1992 and 3 percent in fiscal 1993.

3) Fund Transfer - Crime Victim's Compensation - The January 1992 special session approved House Bill 21, transferring \$250,000 from the Crime Victim's Compensation state special revenue account to the general fund. The account receives revenues from fines assessed

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## CRIME CONTROL DIVISION

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as a result of citations issued by the Highway Patrol. The funds transferred were in excess of those required to provide current level appropriation funds and services.

### Language

The Board of Crime Control administers several federal pass-through grant programs, which have a three-year appropriation authority, on a federal fiscal year basis. To provide continuing authority for the pass-through grants for the three-year period of federal authority, the pass-through grant funds are biennial appropriations. The following language is included in House Bill 2 to allow prior biennium federal grant authority to continue into the 1993 biennium:

"All remaining federal pass-through grant appropriation authority for the 1991 biennium is authorized to continue into fiscal 1992 and fiscal 1993."

The following language is included in House Bill 2 to require general fund recovery of costs associated with juvenile justice training and technical assistance to local law enforcement agencies:

"The Board of Crime Control shall charge tuition and fees sufficient to reimburse the general fund for costs associated with the juvenile justice training program and for technical assistance provided to local law enforcement agencies. The tuition and fees collected must be deposited in the general fund."

Language was also approved that designates each individual pass-through grant program as a biennial appropriation. They are also separate line items in the bill.

### Budget as Approved by the Regular 1991 Legislative Session

The budget increases primarily due to increases in federal pass-through grant funds and the addition of 2.0 FTE for pass-through grant administration. The majority of these increases are in the seven budget modifications discussed below.

The legislature implemented a 0.5 percent reduction in the agency's total general fund budget for both years of the biennium: \$2,412 in fiscal 1992 and \$2,522 in fiscal 1993.

Personal services increase due to: 1) the addition of 2.0 FTE in Budget Modifications #1 and #3 discussed below; 2) vacancy savings in fiscal 1990; and 3) continuation of the fiscal 1991 pay plan in the 1993 biennium.

Operating expenses increase due to increased costs for grant administration and juvenile justice programs included in the seven budget modifications discussed below. Current level costs remain the same from fiscal 1990 to fiscal 1992, except for an additional \$12,280 per year for new network service fees.

## CRIME CONTROL DIVISION

The equipment budget, which is entirely included in the budget modifications, is for computer equipment for the 2.0 additional FTE and increased juvenile justice reporting.

The majority of the program increases are in federal pass-through grant funds. Since in fiscal 1990 the entire grant funds appropriated were not spent, the unspent authority will carry-over to fiscal 1992 and fiscal 1993. In addition, total federal grant authority has increased. Table 1 shows the pass-through grants and benefits program funding included in the budget.

Table 1  
Pass-Through Grants & Benefits  
Fiscal 1991 through 1993

<u>Pass-Through Grant Funds</u>	<u>Fiscal 1991</u>	<u>Fiscal 1992</u>	<u>Fiscal 1993</u>
Victims' Assistance	\$ 224,000	\$ 333,000	\$ 333,000
Criminal Justice Assistance Block Grants	396,000	0	0
Juvenile Justice	242,500	221,500	221,500
D.A.R.E. Program Grants - SB 370	0	15,200	15,200
Drug Education/Prevention	427,000	542,218	542,218
Drug Enforcement Block Grant	<u>1,240,000</u>	<u>2,144,000</u>	<u>2,171,000</u>
Total Pass-Through Grants	\$2,529,500	\$3,255,918	\$3,282,918
<u>Crime Victims' Compensation Benefits</u>			
State Special Revenue	<u>\$ 375,000</u>	<u>\$ 451,143</u>	<u>\$ 451,143</u>
Total Grants and Benefits Funds	<u>\$2,904,500</u>	<u>\$3,707,061</u>	<u>\$3,734,061</u>

The federal grant amounts are based upon federal estimates. Most grant authority increases over fiscal 1991, although the Justice Assistance Block Grant program has been discontinued.

Benefits and claims, as shown in the main table, are for the state Crime Victims' Compensation program. The 1993 biennium appropriation increases due to the expansion of the program in Senate Bill 321 to allow compensation benefits to innocent victims of DUI offenders, as discussed in Budget Modification #5, and the addition of funds for child victims of sex offenses.



## CRIME CONTROL DIVISION

## Summary of Budget Modifications

		PGM	FTE	FY 1992-	General Fund	Other Funds	FTE	FY 1993-	General Fund	Other Funds
1	Narcotics Control	01	1.00		\$27,000	\$922,101	1.00		\$24,427	\$951,675
2	Juvenile Justice Support Serv.	01			7,500				7,500	
3	Victims' Assistance	01	1.00			138,116	1.00			134,985
4	Drug Education Grants	01				126,938				126,938
5	SB321-Victims of DUI Offenders	01				73,038				72,538
6	SB370-D.A.R.E. Program	01				16,200				16,200
7	SB379-Parole Officer Standards	01			6,579				100	
Totals				2.00	\$41,079	\$1,276,393	2.00		\$32,027	\$1,302,336

1) Narcotics Control - This modification provides for a biennial increase of \$1,835,000 in federal drug enforcement pass-through grant funds. In addition, it includes \$38,776 federal funds and \$51,427 general fund for administration of the Drug Enforcement grant program. The 1991 regular session originally included \$9,203 federal funds and \$81,000 general fund for administration, but the January 1992 Special Session reduced general fund by \$29,573 and increased federal funds by the same amount as a result of a funding switch, as discussed in item #1 of "Special Section Action" above. The administrative costs include the addition of 1.0 FTE for grant administration.

2) Juvenile Justice Support Services - These funds will be used for increased juvenile planning, advisory, and reporting services. The juvenile justice reporting system must be improved to comply with federal requirements. Funding for this modification is \$15,000 general fund. In addition, \$42,000 in federal funds were diverted from current level pass-through grant funds to administrative costs.

3) Victim Assistance and Support Services - The modification provides a biennial increase of \$218,000 federal crime victim assistance funds, and \$55,101 state crime victims' compensation funds for a 1.0 FTE to administer the federal victim assistance grant program. None of the federal funds can be used for grant administration. The grant funds support such programs as safe homes for victims of domestic violence, programs for abused children, and sexual assault programs.

4) Drug Education Grants - These federal funds will provide an additional \$230,436 pass-through grant funds for drug prevention/education efforts for high-risk youth, including support of Project Drug Abuse Resistance Education (DARE). An additional \$23,440 will be used for drug education grant administration.

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## CRIME CONTROL DIVISION

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- 5) Senate Bill 321 - Victims of DUI Offenders - Senate Bill 321 revises the Crime Victims Compensation Act to authorize compensation to innocent victims of DUI offenders. This modification provides \$142,446 additional compensation benefit funds and \$3,130 administrative costs for the new provision in Senate Bill 321.
- 6) Senate Bill 370 - D.A.R.E. Program - This modification provides \$15,200 each year for Drug Abuse Resistance Education (D.A.R.E.) pass-through grants to local governments and \$1,000 each year for grant administration. The funds will be provided by a voluntary income tax check-off, as authorized in Senate Bill 370.
- 7) Senate Bill 379 - Probation and Parole Officer Standards - This modification adds \$6,679 general fund for the biennium to implement the provisions of Senate Bill 379, which provides peace officer status to probation and parole officers in the Department of Institutions. The Crime Control Division must establish minimum standards of training for probation and parole officers.

### Funding

In addition to federal funding for the pass-through grants, federal funding is provided for juvenile justice programs and for administration of the Juvenile Justice and Drug Enforcement Block Grant programs.

State special revenue funds Crime Victims' Compensation benefits and administration, and also provides state match funds for administration of the federal Victim Assistance Grant program. House Bill 798 was signed by the Governor, which allows utilization of State Crime Victims' Compensation funds for Federal Victims' Assistance program administration. An additional \$15,200 state special revenue per year is for grants to local governments for the D.A.R.E. Program, as discussed in Budget Modification #6 above.

Funding for all other Crime Control Division activities is general fund, including operation of the Peace Officer Standards and Certification program, the Montana Uniform Crime Reporting System, general agency administration, technical assistance to local law enforcement, and state match funds for the juvenile justice and drug enforcement federal grant programs.

### Other Legislation

SB 37 - Youth Detention Services - This bill requires counties to provide youth detention services, and provides for an appropriation of a portion of the lottery proceeds to provide grants to the counties for youth detention services. The Crime Control Division is to administer these pass-through grants. Senate Bill 37 includes a statutory appropriation of 1.6 percent of net lottery proceeds in fiscal 1991 and 9.1 percent of net lottery proceeds in fiscal year 1992 and beyond that must be used for state grants to counties. This appropriation is not included in the tables above.

HB 307 - Child Victims of Sex Offenses - This bill extended the filing time requirements for obtaining crime victim compensation in cases involving sexual offenses against minors. An appropriation of \$9,840 was added in House Bill 2 (current level) to provide the funds required for the increased claims expected as a result of the filing time extension.

## HIGHWAY TRAFFIC SAFETY

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	8.50	8.50		8.50	8.50	8.50		8.50
Personal Services	263,143	263,143	16,679	279,822	262,866	262,866	26,813	289,679
Operating Expenses	193,584	193,584	0	193,584	191,324	191,324	0	191,324
Equipment	3,000	3,000	0	3,000	3,000	3,000	0	3,000
Local Assistance	200,000	184,080	0	184,080	200,000	184,080	0	184,080
Grants	520,000	520,000	0	520,000	520,000	520,000	0	520,000
Total Costs	\$1,179,727	\$1,163,807	\$16,679	\$1,180,486	\$1,177,190	\$1,161,270	\$26,813	\$1,188,083
<u>Fund Sources</u>								
General Fund	199,000	183,080	0	183,080	199,000	183,080	0	183,080
State Revenue Fund	75,100	75,100	3,827	78,927	74,686	74,686	6,121	80,807
Federal Revenue Fund	905,627	905,627	12,852	918,479	903,504	903,504	20,692	924,196
Total Funds	\$1,179,727	\$1,163,807	\$16,679	\$1,180,486	\$1,177,190	\$1,161,270	\$26,813	\$1,188,083

### Agency Description

The Highway Traffic Safety Division was established by Title 61, Chapter 2, MCA, to promote public safety, health, and welfare through efforts directed toward reducing death, injury, and property loss resulting from traffic accidents. Projects are developed and initiated in various levels of government primarily through federal grant funds provided through the division to ensure that a long-term, stable, and statewide program exists. Current program priorities include occupant protection and drinking and driving projects.

# HIGHWAY TRAFFIC SAFETY

## Special Session Action

		Executive Budget Proposal		Legislative Budget Action	
		=====		=====	
Description	Pgm	Fiscal 1992		Fiscal 1993	
		General Fund	Other Funds	General Fund	Other Funds
House Bill 2					
1 DUI Task Forces Pass-Through	36	<u>(\$15,920)</u>		<u>(\$15,920)</u>	<u>(\$15,920)</u>
Sub-Totals		(15,920)		(15,920)	(15,920)
Other					
2 Fund Trf-Dr. Lic. Reim. (HB 6)	36			<u>(400,000)</u>	<u>(400,000)</u>
Sub-Totals					(400,000)
Grand Totals		<u>(\$15,920)</u>		<u>(\$15,920)</u>	<u>(\$415,920)</u>

1) DUI Task Forces Pass-Through Distribution - The funds reduced by this action are 8 percent of the driver's license reinstatement fees being collected and deposited into the general fund for distribution to counties with established drinking and driving prevention programs. Section 61-2-107, MCA, states that "The department shall deposit one-half of the fees collected under subsection (1) in the general fund to be used for funding county drinking and driving prevention programs...." This language "earmarked" those funds, and even if the funds were not appropriated for distribution in any biennium, they would have accrued for later distribution to the counties. House Bill 6 in the January 1992 Special Session amended Section 61-2-108, MCA, to enable diversion of the funds in the 1993 biennium only by adding temporary language that the amount of the distribution to counties was "limited to the extent of the appropriation authorized".

2) Fund Transfer - Driver's License Reinstatement Fees (HB 6) - A \$50 driver's license reinstatement fee was enacted by the 1989 legislature, with fee revenues going to the general fund for distribution to counties with DUI prevention programs, as described above. The 1991 legislature doubled the fee to \$100 in House Bill 494, and provided that the fees from the increase were to be deposited into a state special revenue account, also for distribution to counties. The proceeds were to be used for programs and facilities for minors, adult chemical dependency treatment programs, law enforcement training programs, and law enforcement equipment. Although the bill stated the method and purpose of the distribution, there was no appropriation authority provided to the Highway Traffic Safety Division

## HIGHWAY TRAFFIC SAFETY

to transfer the funds to the counties in the 1993 biennium. House Bill 6 in the January 1992 Special Session amended Section 61-2-107, MCA, diverting the funds from 1993 biennium fee revenues to the general fund (estimated to be \$400,000). In the 1995 biennium, the funds will again go to the state special revenue fund, earmarked for distribution to local government.

In actions 1) and 2) above, Special Session action diverted 54 percent of the \$800,000 in biennial estimated revenues from driver's license reinstatement fees from earmarked for local distribution to the general fund in the 1993 biennium.

### Budget as Approved by the Regular 1991 Legislative Session

The agency's overall budget decrease results from an anticipated decrease of \$200,000 per year in federal pass-through grant funds. Operating and personal services costs increase for the reasons discussed below.

The legislature implemented a 0.5 percent (\$1,000 each fiscal year) reduction in the agency's total general fund budget for both years of the biennium.

Personal services increases due to vacancy savings and the continuation of the fiscal 1991 pay plan increase in the 1993 biennium. Operating expenses are based on fiscal 1990 actual expenditures, with increases for safety campaign visual aids, indirect costs charged by the Department of Administration, and computer network fees. Equipment includes \$4,000 for replacement of older computer components and \$2,000 for software upgrades for the traffic accident data collection system. Local assistance funds are general fund pass-through revenues for county DUI Task Force programs. The reduction in grants is due to the end in fiscal 1991 of a five-year federal pass-through grant program of \$200,000 per year for drunk driving awareness programs.

### Funding

General fund collected from drivers' license revocation reinstatement fees is appropriated to the Highway Traffic Safety Division for distribution to counties with established drinking and driving prevention programs. Funding for operating costs and federal grants is provided by federal funds from the National Highway Traffic Safety Administration. A 50 percent state match on administration and planning costs comes from the highways state special revenue account. A 15.4 percent decrease in federal funds from fiscal 1990 to fiscal 1992 reflects the elimination of alcohol countermeasure grant funds.

### Other Legislation

House Bill 494 - Driver's License Reinstatement Fee - As discussed under "Funding" above, the Division distributes general fund collected from driver's license revocation reinstatement fees to counties with established drinking and driving prevention programs. House Bill 494 doubled the reinstatement fee from \$50 to \$100 and provided that the fees from the increase are to be deposited into a state special revenue account, to be distributed to county treasurers for allocation to cities and towns. The proceeds can be used for programs and facilities for minors, adult chemical dependency treatment programs, law enforcement training programs, and law

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## HIGHWAY TRAFFIC SAFETY

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enforcement equipment. Although the bill states the method and purpose of the distribution, there was no additional appropriation authority provided to the Highway Traffic Safety Division to transfer the funds to the counties. Without appropriation authority, the funds will not be distributed to the counties in the 1993 biennium. As discussed above under "Special Section Action", House Bill 6 in the January Special Session required the transfer of the fee revenues collected in the 1993 biennium to the general fund.

## DEPARTMENT OF JUSTICE

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	645.40	645.40		645.40	638.40	638.40		638.40
Personal Services	18,770,874	18,134,221	1,150,604	19,284,825	18,886,769	18,522,659	1,838,554	20,361,213
Operating Expenses	6,888,607	6,838,607	0	6,838,607	6,250,219	6,200,219	0	6,200,219
Equipment	1,839,292	1,839,292	0	1,839,292	1,439,874	1,439,874	0	1,439,874
Debt Service	42,178	42,178	0	42,178	42,178	42,178	0	42,178
Total Costs	\$27,540,951	\$26,854,298	\$1,150,604	\$28,004,902	\$26,619,040	\$26,204,930	\$1,838,554	\$28,043,484
<b>Fund Sources</b>								
General Fund	11,635,646	10,948,993	440,271	11,389,264	11,625,721	10,867,962	741,750	11,609,712
State Revenue Fund	14,330,972	14,330,972	629,477	14,960,449	13,758,831	13,758,831	994,139	14,752,970
Federal Revenue Fund	992,180	992,180	49,415	1,041,595	653,232	996,881	50,825	1,047,706
Proprietary Fund	582,153	582,153	31,441	613,594	581,256	581,256	51,840	633,096
Total Funds	\$27,540,951	\$26,854,298	\$1,150,604	\$28,004,902	\$26,619,040	\$26,204,930	\$1,838,554	\$28,043,484

### Agency Description

The Department of Justice, under the direction of the Attorney General, is responsible for statewide legal services and counsel, law enforcement, and public safety, as authorized in Section 2-15-501, MCA. The duties of the department include: 1) providing legal representation for the state and its political subdivisions in criminal appeals; 2) providing legal services and counsel for the state, county, and municipal agencies and their officials; 3) enforcing Montana traffic laws and registering all motor vehicles; 4) enforcing a state fire safety codes and regulations; 5) assisting local law enforcement agencies in bringing offenders to justice; 6) managing a statewide system of death investigations and provide scientific analyses of specimens submitted by law enforcement officials, coroners, and state agencies; and 7) providing for the uniform regulation of all gambling activities in the State of Montana.

## DEPARTMENT OF JUSTICE

## Special Session Action

		Executive Budget Proposal		Legislative Budget Action		
		=====		=====		=====
Description	Pgm	--- Fiscal 1992 --- General Fund	--- Fiscal 1993 --- General Fund	--- Fiscal 1992 --- General Fund	--- Fiscal 1993 --- General Fund	Other Funds
House Bill 2						
1 Motor Vehicle Div.-Operations	12	(\$288,275)		(\$288,275)		
2 HB 809-Fire Marshal Bur. Exp.	18	(90,667)		(90,667)		
3 Fund Switch-Drug Forfeitures	18	(8,385)		(8,385)		
4 Fund Switch-Drug Investig.	18		\$343,649			\$343,649
5 Extr./Transp. of Prisoners	30	(50,000)		(50,000)		
6 General Budget Reduction	NA			(249,326)		
Sub-Totals		(437,327)	(430,025)	(686,653)		343,649
Other Appropriation Bills						
7 HB 579-Motor Vehicle Registr.	12	(51,144)		(51,144)		
8 SB 232-Salvage Vehicle Insp.	12	(42,750)		(42,750)		
9 HB 77-Hwy. Patrol Retirement	13	(27,600)		(27,600)		
Sub-Totals		(121,494)	(142,672)	(121,494)		
Other						
10 Fund Tfr-Driver's Lic. (HB 6)	NA					(25,000)
11 Fund Tfr-TP ID Cards (HB 6)	NA					(11,400)
12 Fund Tfr-Gambling Fees (HB 17)	NA					(190,000)
13 Fund Tfr-Agency Action(HB 2)	NA					(24,400)
Sub-Totals						(250,800)
Grand Totals		(\$558,821)	(\$633,497)	(\$808,147)	(\$1,151,231)	\$343,649



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## DEPARTMENT OF JUSTICE

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- 1) Motor Vehicle Division - Operations - The Executive Budget proposal and legislative action included a vacancy savings reduction of \$288,275 in the Motor Vehicle Division. The program has achieved efficiencies from automation of the vehicle registration system (House Bill 579 - see the discussion under "Other Legislation" below) and delays in filling positions. The agency states that the savings should be permanent as a result of the automation.
- 2) HB 809 - Fire Marshal Bureau Expansion - The Executive Budget proposal and legislative action delayed implementation of Budget Modification #8 discussed below. The reductions will delay the hiring of authorized FTE, limiting funding to hiring only 1.5 FTE in January, 1992 (3.0 FTE authorized), and increasing to 2.5 of the authorized 3.5 FTE in fiscal 1993. These reductions are 39 percent of the total budget modification appropriation for the biennium.
- 3) Funding Switch - State Drug Forfeiture Funds - The Department of Justice has a drug forfeitures state special revenue account for the deposit of proceeds of property obtained from the seizure or forfeiture by state officials of property related to a criminal activity. House Bill 511 in the 1991 legislature statutorily appropriated up to \$125,000 each year from the account for enforcement of drug laws (Section 44-12-206(3), MCA). The Executive Budget proposal recommended and the legislature approved a funding switch, using the existing balance in the account (\$8,385) for drug investigations in the Law Enforcement Services Division, and reducing the general fund appropriation by a like amount.
- 4) Funding Switch - Special Investigation Drug Units - This action reduced the general fund appropriation and increased the federal fund appropriation for the state's western drug enforcement task force to reflect a 75 percent federal match (\$343,649) rather than 100 percent general fund support as originally appropriated in House Bill 2. Federal funding for the task force was expected to end in fiscal 1992, but continued 75 percent federal match funds now appear likely. Federal funds cannot be expected beyond fiscal 1993 under current federal law, so this represents a one-time reduction of general fund. The legislature also included language in House Bill 2 (as discussed in the Law Enforcement Services Division program narrative) stating that if the federal funds are not obtained in fiscal 1993, the general fund appropriation must be increased to fully fund the task force. This language imposes a contingent liability to the general fund of \$343,649.
- 5) Extradition and Transportation of Prisoners - The Executive Budget proposal and legislative action included a \$50,000 (25.6 percent) per year reduction in the appropriation for expenses associated with transporting and extraditing prisoners to Montana detention centers. It should be noted that this program has required significant supplemental appropriations in each of the last two biennia.
- 6) General Budget Reduction - The legislature imposed a \$249,326 reduction in the agency's total general fund budget for fiscal 1992 and \$327,734 for fiscal 1993 in addition to the specific budget changes shown above. Since the agency will be allowed to allocate this budget reduction among programs, it is reflected in the agency table above but is not reflected in the individual program tables and not discussed in the program narratives. The last program in the agency, entitled "Budget Reduction", shows the budget reduction imposed on the agency by the legislature during the special session and during the 1991 regular session.

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## DEPARTMENT OF JUSTICE

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- 7) House Bill 579 - Motor Vehicle Registration Automation - The Executive Budget proposal and legislative action imposed an 8 percent reduction in the appropriation in House Bill 579, discussed below in the "Other Legislation" section. This will result in a delay in the timetable for full implementation of the automated vehicle registration system, and the funds will likely be requested in a later biennium to complete the project, making this only a temporary general fund reduction (\$118,176).
- 8) Senate Bill 232 - Salvage Vehicle Inspections - This action eliminates the appropriation in Senate Bill 232, discussed in the "Other Legislation" section below. This results in delaying implementation of the statewide vehicle identification number (VIN) inspection program until after the 1993 biennium, and a one-time general fund savings of \$99,750. The agency has partially implemented the VIN program by upgrading an existing position in the Motor Vehicle Division to conduct VIN investigations.
- 9) HB 77 - Highway Patrol Retirement Benefits - House Bill 77 increased the retirement benefits payable in the Highway Patrol retirement system, as discussed under "Other Legislation" below. The general fund appropriation of \$578,000 was reduced 8 percent by the January 1992 Special Session, to \$531,760 for the biennium, and the appropriation was transferred from the Department of Transportation (Highways) to the Department of Justice.
- 10) Fund Transfer - Driver's License Collections - The legislature approved in House Bill 6 an amendment to Section 61-5-121, MCA, to authorize the transfer of the balance in the Driver's License Collection state special revenue account to the general fund. The account receives 3.75 percent of the fee collected by the Department of Justice to defray the costs of issuing licenses. The transfer will provide a one-time addition to the general fund of \$25,000.
- 11) Fund Transfer - Highway Patrol ID Cards - The legislature approved in House Bill 6 an amendment to Section 61-12-504, MCA, to authorize the transfer of the balance in the Highway Patrol ID Card state special revenue account to the general fund. The account receives the \$1 fee charged to defray the cost of issuing identification cards by the Highway Patrol Division. This transfer will provide a one-time addition to the general fund of \$11,400.
- 12) Fund Transfer - Gambling License Fees - The legislature approved in House Bill 17 the transfer of the remaining fund balance in the Gambling License Fee state special revenue account to the general fund on June 30, 1993. The funds in this account are used to fund the Gambling Control Division, and after 1993 biennium expenditures, the estimated balance for transfer is \$190,000.
- 13) Fund Transfers by Agency Action - The Executive Budget proposal recommended and the legislature approved the transfer of the fund balances of two small state special revenue accounts administered by the Department of Justice to the general fund. They include approximately \$21,700 from the State Crime Lab special revenue account established to recover costs of services provided by the lab, and approximately \$2,700 in a driver improvement fees used to fund driver education courses provided by the state. The fund balances are required to be transferred in fiscal 1993.

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## DEPARTMENT OF JUSTICE

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### Budget as Approved by the Regular 1991 Legislative Session

The agency's current level budget increases due primarily to \$4.0 million in budget modifications listed in the table below (subsequently reduced in the 1992 Special Session as discussed above) and an increase of more than \$1.7 million in personal services over fiscal 1990 levels.

The legislature implemented a 0.5 percent reduction of \$55,436 in fiscal 1992 and \$54,015 in fiscal 1993 in the agency's total general fund budget. Since the agency will be allowed to allocate this budget reduction among programs, it is reflected in the agency table above but is not reflected in the program tables and narratives.

Personal services increase due to the following: 1) the net addition of 3.2 FTE in current level and 40.2 FTE in the budget modifications discussed below; 2) position upgrades for forensic scientists, criminal investigators, and Academy staff in the Law Enforcement Services, Forensic Science, and Law Enforcement Academy Divisions, at a cost of over \$230,000 per year; 3) a salary increase for county attorneys; 4) significant vacancy savings experienced in fiscal 1990 (particularly in the Forensic Science Division); and 5) the fiscal 1991 pay plan increase which continues in the 1993 biennium. These increases are partially offset by downgrades and step reductions from turnovers that occurred in several Highway Patrol uniformed positions and a reduction in overtime costs. FTE in fiscal 1992 are higher than fiscal 1993 because 7.5 FTE are for the Highway Patrol recruit training school, which occurs only in even years. There is an increase of 0.5 FTE in fiscal 1993 in Budget Modification #8.

The legislature implemented a 4 percent (\$1.5 million for the biennium) across-the-board reduction in funding for the total agency personal services in fiscal 1992 and 1993. Funding sources were reduced in proportion to the total personal services at the program level.

Operating expenses increase from fiscal 1990 to 1992 primarily due to: 1) the budget modifications listed in the table below; 2) biennial and one-year appropriations of \$712,700 that appear in fiscal 1992 only; 3) \$107,000 per year current level increases for the Gambling Control Division over fiscal 1990 levels; and 4) inflationary adjustments of \$157,000 in fiscal 1992 and \$139,500 in fiscal 1993 (mainly in gasoline for the Highway Patrol Division). The 1993 biennium budget for the Gambling Control Division reflects a fully operational program. The program wasn't transferred to the department until October, so only nine months of operation occurred in base fiscal year 1990. Other increases include: 1) the addition of a fourth basic law enforcement training class at the Law Enforcement Academy for students paying their own tuition, at a cost of \$48,000 per year; and 2) an increase of \$46,800 per year for costs of transporting and extraditing prisoners. Operating cost increases are partially offset by the elimination of fiscal 1990 one-time costs of over \$120,000.

Equipment included in current level is predominantly for the Highway Patrol Division for the replacement of 134 patrol cars and for replacement communications and law enforcement equipment.

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Debt service in the 1993 biennium is for the purchase of computers in the Data Processing Division and a copy machine in the Law Enforcement Academy.

## Summary of Budget Modifications

		FY 1992		FY 1993			
PGM	FTE	General Fund	Other Funds	FTE	General Fund	Other Funds	
1 Attorney-Indian Legal Juris.	01	\$47,837		1.00	\$43,239		
2 Litigation Costs	01	400,000					
3 Gambling Control Expansion	07		\$305,785	5.00		\$207,001	
4 HB646-Addtnl. Handicap Parking	12	15,000			2,500		
5 HB568-Driver's License Express	12	708,000		20.20	710,000		
6 Addtnl Patrol Officers/Disptch	13		302,290	8.00		211,109	
7 Handheld Radios	13		51,000				
8 HB809-Fire Marshal Bureau	18	69,000		3.50	126,624		
9 Fire Prevention Grant	18		9,976				
10 ID Bureau Federal Grant	18		88,636	3.00		88,643	
11 HB155-County Attorney Salary	19	136,000			333,000		
12 DP Air Conditioner	29	45,000			4,400		
Totals	40.20	\$1,420,837	\$757,687	40.70	\$1,219,763	\$506,753	

1) Attorney - Indian Legal Jurisdiction - This modification provides \$91,076 general fund in the 1993 biennium to add a 1.0 FTE attorney to provide legal support with issues involving Indian legal jurisdiction. The litigation in Indian jurisdiction issues is expected to increase in the 1993 biennium, particularly with regard to water rights adjudication on the reservations.

2) Litigation Costs - This modification provides \$400,000 general fund in the Indian Legal Jurisdiction Bureau as a biennial appropriation for costs associated with the Crow coal litigation and water rights negotiations.

3) Gambling Control Expansion - This modification provides 5.0 additional FTE for two years to address a backlog of license background checks, operator application processing, and tax return processing and auditing for gaming activities. This modification is a one-time

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## DEPARTMENT OF JUSTICE

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cost and is funded by a surplus in the gambling license fee account. Current annual revenues are insufficient to fund these additional FTE beyond the 1993 biennium.

4) HB 646 - Handicap Parking Display Cards - This modification provides additional funding for handicap parking display cards so that handicapped persons may receive more than one parking privilege display card if they own more than one vehicle. The costs of the increase are offset by a \$1 fee for issuance of the cards, which is deposited in the general fund.

5) HB 568 - Driver's License Express Stations - This modification adds \$1,418,000 general fund and 20.2 FTE in the 1993 biennium to establish express stations in licensing facilities for driver's license renewals, to reduce customer delays at licensing stations statewide. Revenue for this appropriation was provided in House Bill 568, which increased the driver's license fee by \$1 per year, adding \$1,418,000 for the biennium to the general fund.

6) Additional Patrol Officers and Dispatchers - This modification provides \$513,399 of highways state special revenue fund in the 1993 biennium for additional FTE, including 4.0 additional patrol officers and 4.0 additional communications operators on duty. The objective is to reduce delay in responding to motorists' needs and to have sufficient dispatchers to service the entire state on a 24-hour basis.

7) Handheld Radios - This modification provides \$51,000 of highways state special revenue funds in fiscal 1992 to purchase 75 handheld radios for patrol officers.

8) HB 809 - Fire Marshal Bureau Expansion - This modification adds \$195,624 general fund and authorizes 3.0 FTE (increasing to 3.5 FTE in fiscal 1993) to increase the current staff in the Fire Marshal Bureau. The 1991 legislature originally appropriated \$322,667 for this modification, but the January 1992 Special Session reduced the appropriation by 39 percent, as discussed in item #1 under "Special Session Action" above. Current staffing has been unable to meet the statutory requirements for the frequency of fire safety inspections and other related statutory responsibilities. House Bill 809 provides for an increase in the fire insurance premium tax from 3/4 of 1 percent to 1 percent to fund the bureau expansion. The increased tax will generate \$322,667 in the 1993 biennium, which will be deposited in the general fund.

9) Fire Prevention Grant - This modification provides \$10,000 in federal grant funds for fire prevention programs to be administered by the Fire Marshal Bureau.

10) ID Bureau Federal Grant - This modification adds 3.0 FTE and \$91,326 per year federal grant funds to improve the quality, quantity, and integrity of criminal history data, including fingerprint information and recording.

11) HB 155 - County Attorney Salary Increase - House Bill 155 generally revised the salary of county attorneys, making the base salary for a full-time county attorney \$50,000 per year. The previous average salary for a full-time county attorney (fiscal 1991) was \$46,500

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## DEPARTMENT OF JUSTICE

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per year. Additionally, the allowed annual cost-of-living increase was raised from 70 percent of the last previous year's consumer price index to 100 percent. This modification provides \$469,000 general fund for the 1993 biennium, which represents the general fund impact of the salary increase over current law. House Bill 155 provided the funding for the increase by raising the monetary charge for a misdemeanor conviction from \$10 to \$15 and reallocating justices' courts fees distributed to the general fund from 23 percent to 27.88 percent. The increase will generate an estimated \$483,000 in the 1993 biennium.

12) Data Processing Air Conditioner - This modification provides \$49,400 general fund in the 1993 biennium for replacement of the air-conditioning system for the Department of Justice computer system at the Helena National Guard Armory.

### Funding

General fund provides 41 percent of total funds for the Department of Justice in fiscal 1992 and supports all or part of the Legal Services Division (81 percent), Motor Vehicle Division (97 percent), Law Enforcement Services Division (57 percent), County Attorney Payroll program (100 percent), Law Enforcement Academy (100 percent), Central Services Division (44 percent), Data Processing Division (74 percent), Extradition and Transportation of Prisoners program (100 percent), and the Forensic Science Division (79 percent). The primary reasons for the increase in general fund are position upgrades of over \$200,000 per year, the addition of the pre-service course at the Law Enforcement Academy, the increase in extradition and transportation costs for prisoners, an increase of 24.2 FTE funded by general fund, and the contingency appropriation and Budget Modification #1 for Indian Legal Jurisdiction legal costs. These general fund increases over fiscal 1990 were partially offset by the 1992 Special Session budget reductions discussed above.

State special revenue funds provide 53 percent of total agency funding in fiscal 1992. The primary state special revenue account is the highways special revenue account which supports 96 percent of the Highway Patrol Division and 46.5 percent of the Central Services Division. In the 1993 biennium, this account provides \$22.4 million of funding to the department. The other major state special revenue fund is the gambling license fee account, which supports all of the Gambling Control Division and part of Legal Services and Central Services Divisions. Together these funds provide 93 percent of state special revenue funds in the agency.

Federal funds provide 3.8 percent of total funding for the agency in fiscal 1992, including \$0.5 million in the Highway Patrol Division to support the MCSAP and 65 MPH enforcement squad and \$0.3 million in the Law Enforcement Services Division to support drug enforcement programs.

Proprietary funds, which provide 2.2 percent of total agency funding, are for the operation of the Agency Legal Services Division and support of Central Services Division.

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### Other Legislation

In addition to the appropriations in House Bill 2 that are included in the table above, the Department of Justice received appropriations in four other bills, as discussed below. These appropriations are not included in the main table.

Bill No./Description	Fiscal 1992			Fiscal 1993		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
SB 232 - Salvage Vehicle Inspect	1.00	\$0	\$0	1.00	\$0	\$0
HB 77 - Highway Patrol Retirement		317,400	317,400		214,360	214,360
HB 511 - Forfeited Property		0	250,000 *		0	250,000*
HB 579 - Motor Vehicle Registr.	12.00	588,156	588,156	12.00	770,868	770,868
Totals	13.00	\$905,556	\$1,155,556	13.00	\$985,228	\$1,235,228

\* Statutory Appropriation

SB 232 - Salvage Vehicle Inspection Program - Senate Bill 232 provides statutory authority for the inspection, identification, and management of salvage motor vehicles to the Department of Justice. It requires surrender to the department of certificates of ownership of vehicles determined to be a salvage vehicle and provides for retitling of a salvage vehicle. The bill also creates a vehicle number inspection program and imposes a vehicle number inspection fee. The fee proceeds are deposited in the general fund, and the 1991 legislature appropriated the funds from those fees for 1.0 FTE to establish and administer the salvage vehicle program, at a cost of \$99,750 for the biennium. The January 1992 Special Session eliminated the appropriation for this program, as discussed in item 8 under "Special Session Action" above.

HB 77 - Highway Patrol Retirement Benefits - House Bill 77 increased the retirement benefits payable in the Highway Patrol retirement system, and appropriated general fund money as well as an increase in the allocation of highways special revenue funds to fund the benefit increase. The general fund appropriation of \$578,000 was inadvertently appropriated by the 1991 legislature to the Department of Highways (Transportation) to administer the program. The January 1992 Special Session transferred the appropriation to the Department of Justice, and also reduced the appropriation 8 percent, to \$531,760 for the biennium (as discussed in item 9, "Special Session Action", above).

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HB 511 - Proceeds From Seizure or Forfeiture of Property - The department currently has state special revenue accounts for the deposit of the proceeds of property obtained from the seizure or forfeiture by state officials of property related to a criminal activity. The accounts are for direct state seizure or from participation in federal cases. Expenditures of the funds has required a legislative appropriation or budget amendment. House Bill 511 statutorily appropriates up to \$125,000 each year from the state forfeiture account for support of state and local law enforcement programs, and \$125,000 each year from the federal forfeiture account for enforcement of drug laws.

HB 579 - Motor Vehicle Registration System - House Bill 579 generally revises the state motor vehicle registration laws and creates an automated vehicle registration and renewal system. The 1991 legislature appropriated \$1,477,200 general fund and 12.0 FTE to develop and operate the statewide motor vehicle computer system, to include automated mail renewals. The January 1992 Special Session reduced the appropriation 8 percent (to \$1,359,024), as discussed in item 7 under "Special Session Action" above. The additional expenditure authority is to be funded by increased registration fees for motor vehicles, boats, snowmobiles, and off-highway vehicles, which will generate \$1.8 million general fund in the 1993 biennium.



## LEGAL SERVICES DIVISION

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	26.50	26.50		26.50	26.50	26.50		26.50
Personal Services	991,915	991,915		1,070,607	990,545	990,545		1,118,489
Operating Expenses	705,398	705,398	78,692	705,398	200,655	200,655	127,944	200,655
Equipment	17,475	17,475	0	17,475	12,704	12,704	0	12,704
Total Costs	\$1,714,788	\$1,714,788	\$78,692	\$1,793,480	\$1,203,904	\$1,203,904	\$127,944	\$1,331,848
<u>Fund Sources</u>								
General Fund	1,403,018	1,403,018	58,452	1,461,470	990,932	990,932	102,473	1,093,405
State Revenue Fund	311,771	311,771	20,240	332,011	212,972	212,972	25,471	238,443
Federal Revenue Fund	1-	1-	0	1-	0	0	0	0
Total Funds	\$1,714,788	\$1,714,788	\$78,692	\$1,793,480	\$1,203,904	\$1,203,904	\$127,944	\$1,331,848

### Program Description

The Legal Services Division provides the Attorney General with legal research and analysis; provides legal counsel for state government officials, bureaus, and boards; provides legal assistance to local governments and Indian tribes; and provides legal assistance, training, and support for county prosecutors. The Legal Services Division is comprised of the County Prosecutor Services Bureau, the Appellate Legal Services Bureau, and the Indian Legal Jurisdiction Section. The Legal Services program consists of the combined Legal Services, Indian Legal Jurisdiction, and County Prosecutor Services programs as presented in the 1991 biennium budget.

### Language

"The legislature recognizes that costs associated with the Crow coal case, water rights, and tribal litigation may exceed the appropriation in [the Legal Services Division appropriation], and in that event, the department will need to request a supplemental appropriation from the 1993 legislature to adequately represent the state."

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## LEGAL SERVICES DIVISION

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### Budget as Approved by the Regular 1991 Legislative Session

The Legal Services Division budget increases from fiscal 1990 to 1992 due to two budget modifications discussed in the agency narrative, personal services increases, and a biennial contingency appropriation for caseload costs in the Indian Legal Jurisdiction program.

Personal services increase due to the addition of a 1.0 FTE attorney position in the Indian Legal Jurisdiction Bureau (budget modification), vacancy savings in fiscal 1990, and the fiscal 1991 pay plan increase that continues into the 1993 biennium.

Operating expenses increase due primarily to the \$400,000 budget modification for litigation costs (budget modification #2 in the agency narrative) and the inclusion in fiscal 1992 of a \$100,000 biennial contingency appropriation in the Indian Legal Jurisdiction program for legal fees, expert witnesses, and other court costs. In fiscal 1990, only \$11,200 of this appropriation was expended. Other increases include \$13,600 per year for legal research costs, Department of Administration computer network fees, and operating costs related to the addition of the new attorney position in the Indian Legal Jurisdiction Bureau (budget modification #1 in the agency narrative). Operating expenses include \$9,500 each year that is line-itemed in House Bill 2 for case-related travel.

Equipment includes \$17,550 for computer equipment and software; \$4,629 for shelving, file cabinets, and typewriters; \$4,500 for office equipment for the new position added by budget modification; and \$3,500 for replacement carpet.

### Funding

The Legal Services Division has historically been supported 100 percent by general fund. In the 1993 biennium, \$524,743 of Gambling License Fee state special revenue funds were substituted for general fund on a one-time basis, utilizing an excess balance in that state special revenue account.

## AGENCY LEGAL SERVICES

<u>Budget Item</u>	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	13.50	13.50		13.50	13.50	13.50		13.50
Personal Services	452,650	452,650	27,104	479,754	452,442	452,442	44,608	497,050
Operating Expenses	114,694	114,694	0	114,694	114,863	114,863	0	114,863
Equipment	4,550	4,550	0	4,550	4,550	4,550	0	4,550
Total Costs	\$571,894	\$571,894	\$27,104	\$598,998	\$571,855	\$571,855	\$44,608	\$616,463
<u>Fund Sources</u>								
Proprietary Fund	571,894	571,894	27,104	598,998	571,855	571,855	44,608	616,463
Total Funds	\$571,894	\$571,894	\$27,104	\$598,998	\$571,855	\$571,855	\$44,608	\$616,463

### Program Description

The Agency Legal Services program provides legal services to state agencies upon request. Agencies are billed for attorney time and case-related costs to support the program.

### Budget as Approved by the Regular 1991 Legislative Session

The Agency Legal Services budget increases from fiscal 1990 to 1992 primarily due to personal services costs, which are increased by 2.0 FTE in fiscal 1991 for additional attorney staff and secretarial support as approved by the 1989 legislature. Personal services also increase due to the fiscal 1991 pay plan increase that continues in the 1993 biennium.

Operating costs increase due to Department of Administration network fees, increased rent and other fixed costs, and the additional operating costs related to the two new staff positions.

Equipment is for replacement of older computer equipment (\$3,500) and for purchase of two new lap-top portable computers (\$5,600).

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## AGENCY LEGAL SERVICES

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### Funding

Agency Legal Services is a proprietary fund operation. The source of revenue is an hourly fee charged to user agencies for its services. The hourly fee in the 1989 and 1991 biennia has been \$48 per hour for attorney fees and \$27.50 per hour for paralegal services. The legislature approved an increase in the services fees to \$53 per hour for attorney fees and \$30 per hour for paralegal services in the 1993 biennium, primarily to fund personal services increases. The user agencies most affected will be the Tort Claims Division, which pays approximately 60 percent of total fees, and the State Compensation Mutual Insurance Fund, which pays 20 percent of total fees.

## GAMBLING CONTROL DIVISION

<u>Budget Item</u>	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	36.00	36.00		36.00	36.00	36.00		36.00
Personal Services	1,068,812	1,068,812		1,136,990	1,067,128	1,067,128	110,597	1,177,725
Operating Expenses	466,717	466,717	68,178	466,717	462,779	462,779	0	462,779
Equipment	157,263	157,263	0	157,263	63,700	63,700	0	63,700
Total Costs	\$1,692,792	\$1,692,792	\$68,178	\$1,760,970	\$1,593,607	\$1,593,607	\$110,597	\$1,704,204
<u>Fund Sources</u>								
State Revenue Fund	1,692,792	1,692,792	68,178	1,760,970	1,593,607	1,593,607	110,597	1,704,204
Total Funds	\$1,692,792	\$1,692,792	\$68,178	\$1,760,970	\$1,593,607	\$1,593,607	\$110,597	\$1,704,204

### Program Description

The Gambling Control Division was established by the Fifty-first Legislature to investigate, license, and regulate the gambling industry in Montana. An appointed gaming advisory council of nine members provides advisory services to the Attorney General to ensure uniform statewide regulation of gambling activities. The division has criminal justice authority and conducts field routine inspections and investigations for irregularities in gambling activities. In addition to collecting licensing fees for gambling machines and activities, the division is also responsible for collection and distribution of the gambling tax assessed on the net proceeds of gambling activities.

The division was created by transferring the video gaming control functions from the Department of Commerce and enforcement functions from the Department of Revenue to the Department of Justice, along with new funding and FTE for gambling regulation. The revised gambling laws took effect on October 1, 1989.

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## GAMBLING CONTROL DIVISION

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### Budget as Approved by the Regular 1991 Legislative Session

The Gambling Control Division budget increases due to the budget modification discussed below and since fiscal 1990 expenditures represent less than a full year of operations. The division did not begin full operations until the revised gaming laws became effective October 1, 1989.

Personal services increase due to the addition of 5.0 FTE in the Gambling Control Expansion budget modification (budget modification item #3 in the agency narrative), vacancy savings, and the fiscal 1991 pay plan increase that continues in the 1993 biennium.

Operating expenses increase due to the budget modification and since fiscal 1990 does not represent a full year of operations as discussed above. The 1993 biennium operating expense budget is based on a modified fiscal 1991 appropriation, adjusted for additional increases, including \$40,000 per year added for the costs of appeals of gaming licensure denied by the division.

The equipment budget is for the purchase of vehicles, computer system upgrades, and laboratory equipment as prioritized by the agency. The Executive Budget requested 10.0 additional gambling control enforcement FTE (at a biennial cost of \$1.04 million). The Attorney General requested a total of 23.0 FTE at a total cost of \$2.1 million, to be funded by an increase in gambling fees and licenses. The legislature approved an additional 5.0 FTE, to be funded from existing revenue sources. No fee increases were approved.

### Funding

Funding for the Gambling Control Division is from a portion of the revenues generated through licenses and permits for gambling operators, machines, and other gambling activities, as well as license fees for video gambling machine manufacturer/distributors. The revenues are deposited into a state special revenue account to be used for the costs related to operations of the division and other distributions. The division distributes gambling taxes assessed on the net proceeds of gambling activities and a portion of license and permit fees to counties and municipalities in which the gambling activity is located. A portion of the taxes are deposited to the general fund.

As discussed under item 12, "Special Session Action" in the agency narrative, the legislature approved in House Bill 17 the transfer of the remaining fund balance (an estimated \$190,000) in the Gambling Licence Fee Account to the general fund at the end of fiscal 1993.

## MOTOR VEHICLE DIVISION

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	179.25	179.25		179.25	179.25	179.25		179.25
Personal Services	3,760,346	3,472,071	280,517	3,752,588	3,787,925	3,787,925	442,350	4,230,275
Operating Expenses	1,647,149	1,647,149	0	1,647,149	1,636,374	1,636,374	0	1,636,374
Equipment	107,586	107,586	0	107,586	63,535	63,535	0	63,535
Total Costs	\$5,515,081	\$5,226,806	\$280,517	\$5,507,323	\$5,487,834	\$5,487,834	\$442,350	\$5,930,184
<u>Fund Sources</u>								
General Fund	5,342,289	5,054,014	270,298	5,324,312	5,353,881	5,353,881	429,781	5,783,662
State Revenue Fund	124,254	124,254	7,349	131,603	85,419	85,419	8,016	93,435
Federal Revenue Fund	48,538	48,538	2,870	51,408	48,534	48,534	4,553	53,087
Total Funds	\$5,515,081	\$5,226,806	\$280,517	\$5,507,323	\$5,487,834	\$5,487,834	\$442,350	\$5,930,184

### Program Description

The Motor Vehicle Division is responsible for vehicle registration and vehicle operator licensing. The Driver Services Bureau implements and administers the laws relating to the examination, issuance, cancellation, suspension, revocation, and reinstatement of drivers' licenses and driving privileges. The Motor Vehicle Registrar's Bureau provides a system for registration, titling, record keeping, and licensing of motor vehicles, vessels, and recreational vehicles. The Motor Vehicle Division consists of the combined Driver Services and Motor Vehicle Registrar programs as presented in the 1991 biennium budget.

### Special Session Action

As discussed under "Special Session Action" in the agency narrative, the January 1992 special session imposed additional vacancy savings for this program of \$288,275, due to efficiencies achieved from automation of the vehicle registration system. In addition, the legislature reduced the appropriation for automation of the vehicle registration system in House Bill 579 8 percent, and eliminated

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## MOTOR VEHICLE DIVISION

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the \$99,750 general fund appropriation in Senate Bill 232 for implementation of the statewide vehicle identification number (VIN) inspection program. See the discussion under "Other Legislation" in the agency narrative.

### Budget as Approved by the Regular 1991 Legislative Session

The Motor Vehicle Division budget increases primarily due to two budget modifications (Handicap Parking Cards, item #4, and Driver's License Express Stations, item #5) discussed in the agency narrative.

Personal services increase due to the addition of 20.2 FTE in the driver's license express station budget modification, the elimination of a clerical position in fiscal 1991, vacancy savings in fiscal 1990, and the fiscal 1991 pay plan that continues in the 1993 biennium.

Operating expenses increase due to the budget modifications, an increase of \$23,000 per year in the driver's license photo contract, inflationary adjustments, and minor increases in building rent. These increases are partially offset by the elimination of one-time costs in fiscal 1990 of \$24,900 for the Commercial Vehicle Operator's License (CVOL) implementation.

Equipment includes funds for the replacement of eight vehicles (\$86,080), 20 typewriters (\$12,120), file cabinets (\$4,410), and desks and chairs (\$10,195) in the Driver Services Bureau. An additional \$14,400 is for the replacement of six computer terminals in the Registrar's Bureau, and \$43,916 is added in the budget modification to add 20.2 FTE and implement Driver's License Express Stations.

### Funding

The division is funded primarily by general fund, including all of the Registrar's Bureau and 95 percent of the Driver Services Bureau. License fees collected by the division are deposited in the general fund. In addition, the Driver Services Bureau is funded by state special revenue funds of \$165,059 from 3.3 percent of drivers' license fee collections, \$38,779 for driver rehabilitation fees collected from individuals attending driver rehabilitation and improvement courses to defray course costs, and \$5,817 for fees charged to recover costs of the Montana Highway Patrol Identification Card issues. State special revenues increase primarily due to increased revenues from the 3.3 percent share of drivers' license fee collections. A \$40,000 fund balance carryover is spent down in fiscal 1992. Federal funds, which were received for implementation of the CVOL system, were higher in the 1991 biennium due to one-time funding for the implementation of the CVOL system. Federal funding for the CVOL system will probably not be available after fiscal 1993.

The January 1992 special session eliminated the state special revenue accounts for drivers' license fee collections and for Highway Patrol identification cards effective July 1, 1993, and the agency has indicated that it will administratively eliminate the driver improvement fees state special revenue account. The revenues for those accounts will then flow into the general fund, and all state special revenue funds for this program will be eliminated.



## HIGHWAY PATROL DIVISION

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	273.15	273.15		273.15	265.65	265.65		265.65
Personal Services	8,210,404	8,210,404	508,208	8,718,612	8,082,392	8,082,392	808,522	8,890,914
Operating Expenses	2,192,760	2,192,760	0	2,192,760	2,105,550	2,105,550	0	2,105,550
Equipment	<u>1,237,115</u>	<u>1,237,115</u>	<u>0</u>	<u>1,237,115</u>	<u>1,166,781</u>	<u>1,166,781</u>	<u>0</u>	<u>1,166,781</u>
Total Costs	\$11,640,279	\$11,640,279	\$508,208	\$12,148,487	\$11,354,723	\$11,354,723	\$808,522	\$12,163,245
<u>Fund Sources</u>								
State Revenue Fund	11,153,342	11,153,342	485,857	11,639,199	10,869,712	10,869,712	772,772	11,642,484
Federal Revenue Fund	<u>486,937</u>	<u>486,937</u>	<u>22,351</u>	<u>509,288</u>	<u>485,011</u>	<u>485,011</u>	<u>35,750</u>	<u>520,761</u>
Total Funds	\$11,640,279	\$11,640,279	\$508,208	\$12,148,487	\$11,354,723	\$11,354,723	\$808,522	\$12,163,245

### Program Description

The Highway Patrol Division is responsible for patrolling the highways in Montana, enforcing traffic laws, and investigating traffic accidents. The patrol gives assistance and information to motorists, first-aid to those injured in traffic accidents, transports blood and medical supplies in emergency situations, and assists other law enforcement agencies when requested. The patrol's Communications Bureau provides 24-hour, seven-day-a-week communication and radio dispatch for the Highway Patrol and other state agencies. The Motor Carrier Safety Assistance program (MCSAP) attempts to reduce commercial motor vehicle accidents in the state by participating in the Commercial Vehicle Safety Alliance (CVSA) and its North American Driver/Vehicle Inspection program in all levels of inspections as well as safety review audits.

### Language

The legislature voted not to continue the language that had been in the general appropriation bill for several biennia requiring the department to implement a cost allocation plan for the purpose of recovering the operational cost of regional dispatch centers from all user agencies on an equitable basis. The cost allocation plan has never been implemented.

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## HIGHWAY PATROL DIVISION

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### Budget as Approved by the Regular 1991 Legislative Session

The Highway Patrol Division budget increases due to two budget modifications (8.0 FTE Additional Patrol Officers and Dispatchers, item #6, and Handheld Radios, item #7) discussed in the agency narrative, increases in officer away-from-home allowances, inflationary adjustments, and equipment purchases.

Personal services are slightly higher in fiscal 1992 than fiscal 1990 due to the 8.0 FTE added in Budget Modification #6 (see agency narrative), the shift of 3.75 FTE from fiscal 1993 to 1992 for a biennial recruit school, vacancy savings in fiscal 1990, and the fiscal 1991 pay plan increase continued in the 1993 biennium. These increases are nearly offset by: 1) the elimination of 2.5 FTE authorized for fiscal 1990 only for an expanded recruit training class; 2) an exceptionally high overtime cost in fiscal 1990 that was \$48,900 above the budgeted amount for fiscal 1992; and 3) the four percent personal services reduction applied in the 1993 biennium. FTE are lower in fiscal 1993 due to the biennial recruit school in fiscal 1992 only.

Operating expenses increase due to Budget Modification #6 for 8.0 additional FTE, a \$23,000 increase in special away-from-home allowances for patrol officers to reflect union negotiations for the subsistence plan, and inflationary adjustments of \$73,000 for gasoline and other items. Additionally, fiscal 1992 costs are higher due to shifting the costs of the recruit training school from annual to biannual costs, with the training offered in fiscal 1992 only. Fiscal 1992 operating expenses are higher than fiscal 1993 primarily due to the recruit school being offered in fiscal 1992 only.

Operating expenses are significantly higher than the fiscal 1990 appropriation due to higher prisoner per diem costs (the amount reimbursed to local detention centers for prisoners arrested by the Highway Patrol). In fiscal 1990, expenditures for per diem were \$110,000 more than budgeted. The agency states the increases were caused by stronger enforcement of DUI laws coupled with more jail time per prisoner due to availability of new jail space and an increase in the reimbursement rate from a statutory \$20 per day to an average of \$35 per day under a new statute that allows a negotiated rate that more closely approximates full reimbursement.

Equipment includes: 1) \$1,005,605 in fiscal 1992 and \$1,055,205 in fiscal 1993 for the replacement of up to 65 patrol cars per year; 2) \$100,000 per year for the purchase of other equipment on a priority basis, including hand-held radios, vehicle top lights, computers, and communications equipment; 3) \$11,230 in fiscal 1992 and \$11,576 in fiscal 1993 for additional cars for the MCSAP inspection program; 4) \$69,280 for four new patrol cars and law enforcement equipment for the additional patrol officers and dispatchers added in Budget Modification #6; and 5) \$51,000 for the handheld radios included in Budget Modification #7.

### Funding

The Highway Patrol Division is funded primarily by highways state special revenue funds. Since these funds are also the primary source of state funds for highway construction and maintenance, funds used for highway patrol operations reduce funds available for the State

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## HIGHWAY PATROL DIVISION

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Highway program. The MCSAP program is funded 80 percent by federal funds from the U.S. Department of Transportation. A 20 percent state match is required for the program, but approximately one-third of the match is provided by a soft match utilizing highway patrol officers to conduct truck inspections. The 65 MPH enforcement squad is funded entirely by federal funds from the U.S. Department of Transportation through a grant from the Highway Traffic Safety Division.

## LAW ENFORCEMENT SERVICES DIVISION

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	46.00	46.00		46.00	46.50	46.50		46.50
Personal Services	1,387,111	1,288,059	93,979	1,382,038	1,408,234	1,371,858	153,304	1,525,162
Operating Expenses	470,128	470,128	0	470,128	466,436	466,436	0	466,436
Equipment	131,303	131,303	0	131,303	74,604	74,604	0	74,604
Total Costs	\$1,988,542	\$1,889,490	\$93,979	\$1,983,469	\$1,949,274	\$1,912,898	\$153,304	\$2,066,202
<u>Fund Sources</u>								
General Fund	1,183,297	1,084,245	54,216	1,138,461	1,502,502	1,122,477	117,191	1,239,668
State Revenue Fund	348,539	348,539	15,569	364,108	327,085	327,085	25,591	352,676
Federal Revenue Fund	456,706	456,706	24,194	480,900	119,687	463,336	10,522	473,858
Total Funds	\$1,988,542	\$1,889,490	\$93,979	\$1,983,469	\$1,949,274	\$1,912,898	\$153,304	\$2,066,202

### Program Description

The Law Enforcement Services Division includes the administration, management, and coordination of a broad spectrum of criminal investigative services performed by the Criminal Investigation Bureau, Identification Bureau, and Criminal Intelligence Information Bureau. Criminal investigators conduct criminal investigations of homicide, fraud, robbery, assault, corruption, arson, organized crime, dangerous drug activity, and other felony crimes. The program activity includes conducting criminal investigations of state agencies and providing investigative training to law enforcement officers. The division emphasizes providing adequate specialized drug enforcement resources to address drug abuse and drug trafficking in Montana. The division also includes the Fire Marshal Bureau, which is responsible for safeguarding life and property from fire, explosion, and arson through investigative, inspection, and fire code interpretation and enforcement functions. The Law Enforcement Services Division consists of the combined Law Enforcement Services, Fire Marshal, Criminal Investigation, Identification, and Special Investigation programs as presented in the 1991 biennium budget.

### Special Session Action

As discussed under "Special Session Action" in the agency narrative, the January 1992 special session approved the following adjustments in the Law Enforcement Services Division appropriation: 1) reduced the budget modification for Fire Marshal Bureau Expansion (HB 809)

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## LAW ENFORCEMENT SERVICES DIVISION

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39 percent, a general fund savings of \$127,043; 2) reduced the general fund \$8,385 and replaced it by the existing balance in the drug forfeitures state special revenue account (statutory appropriation); and, 3) reduced the general fund appropriation and increased the federal fund appropriation for the state's western drug enforcement task force to reflect a 75 percent federal match (\$343,649) rather than 100 percent general fund support as originally appropriated in House Bill 2. The 75 percent match rate was extended by the federal government through fiscal 1993.

### Language

#### Permanent Funding for Drug Investigation Units

The Law Enforcement Services Division has two drug investigation units that comprise the Statewide Drug Enforcement program. The western state drug task force is currently funded by a federal grant administered by the Board of Crime Control, requiring a 25 percent general fund match. The federal funds were originally granted with a four-year limitation, scheduled to end in fiscal 1992. The eastern state drug enforcement task force is funded with a Coal Board grant.

In anticipation of the need for a more permanent funding source for the statewide drug enforcement program in the 1993 biennium, the 1991 legislature approved the substitution of \$343,649 general fund for federal funds in the western drug enforcement task force in fiscal 1993. When it became apparent 75 percent federal funds would again be available in fiscal 1993, the January 1992 special session approved a funding switch of \$343,649 federal funds in place of general fund.

The following language was approved during the January 1992 special session to replace the federal funds appropriation with general fund should the federal funds not be awarded as anticipated to fund the western drug enforcement task force:

"If federal funds are not obtained for [the Special Investigation Section - West] in fiscal 1993, the general fund appropriation, as amended by [this act], must be increased and the federal appropriation, as amended by [this act], must be decreased by the same amount."

### Budget as Approved by the Regular 1991 Legislative Session

The Law Enforcement Services Division budget increases primarily due to three budget modifications, increases in federal grants, and increases in personal services. The three budget modifications are discussed under "Budget Modifications" in the agency narrative and include a Fire Prevention Grant, \$9,976 (item # 9), ID Bureau Federal Grant, \$177,279 (item #10), and Fire Marshal Bureau Expansion, \$322,667 (item #8).

Personal services increase due to vacancy savings in fiscal 1990, the fiscal 1991 pay plan increase that continues in the 1993 biennium, a pay plan exception for a chemist, and the addition of 6.0 FTE in budget modifications.

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## LAW ENFORCEMENT SERVICES DIVISION

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Operating expenses increase primarily due to: 1) the three budget modifications; 2) an increase of \$7,000 per year for fire training in the Fire Marshal Bureau; 3) inflationary adjustments; and 4) an increase in federal grant funds for the location and eradication of illicit marijuana fields and prosecution of those cases. The current level budget continues the federal grants at 1991 biennium appropriated levels (\$32,000 per year), although only \$740 was expended in fiscal 1990. An offsetting decrease in operating expenses is due to a \$12,000 per year reduction in vehicle lease costs for criminal investigation units (replaced by funding for purchase of used cars).

Equipment includes \$70,000 for ten used vehicles to be used for undercover investigations, \$11,600 for a replacement pickup for the Fire Marshal Bureau, \$6,786 for Fire Marshal inspection and storage equipment, \$9,600 for three computers for criminal investigation work, \$26,775 for criminal investigation equipment, \$4,222 for office equipment, \$2,500 for a paper shredder, \$1,000 for the Fire Prevention Grant budget modification, and \$73,424 for the Fire Marshal Bureau Expansion budget modification.

### Funding

The Fire Marshal (including the expansion in Budget Modification #8) and Identification Bureaus are funded entirely by general fund, as are the majority of the general criminal and drug investigation functions of the Criminal Investigation Bureau. General fund provides a 25 percent match for the federal grant funding of the western drug enforcement task force in the 1993 biennium, with contingency language in House Bill 2 for general fund support should federal funds be withdrawn (see the discussion on funding for the western drug investigation unit under the "Language" section above).

State special revenue funds include \$37,733 in fiscal 1992 and \$37,704 in fiscal 1993 from the workers' compensation account for a workers' compensation fraud investigator with the remainder from a Coal Board grant for the eastern state drug enforcement task force.

Federal funds (excluding House Bill 509 pay plan) include \$52,240 for the biennium in federal grant funds for the Montana Marijuana Eradication program, \$177,279 for the biennium for the ID Bureau grant in Budget Modification #10, \$9,976 in fiscal 1992 for the Fire Prevention grant in Budget Modification #9, and \$680,547 in the 1993 biennium as a 75 percent match for drug enforcement funds for the western drug enforcement task force.

## COUNTY ATTORNEY PAYROLL

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	19.50	19.50		19.50	19.50	19.50		19.50
Personal Services	<u>1,150,148</u>	<u>1,150,148</u>	<u>0</u>	<u>1,150,148</u>	<u>1,348,435</u>	<u>1,348,435</u>	<u>0</u>	<u>1,348,435</u>
Total Costs	\$1,150,148	\$1,150,148	\$0	\$1,150,148	\$1,348,435	\$1,348,435	\$0	\$1,348,435
Fund Sources								
General Fund	<u>1,150,148</u>	<u>1,150,148</u>	<u>0</u>	<u>1,150,148</u>	<u>1,348,435</u>	<u>1,348,435</u>	<u>0</u>	<u>1,348,435</u>
Total Funds	<u>\$1,150,148</u>	<u>\$1,150,148</u>	<u>\$0</u>	<u>\$1,150,148</u>	<u>\$1,348,435</u>	<u>\$1,348,435</u>	<u>\$0</u>	<u>\$1,348,435</u>

### Program Description

The County Attorney Payroll program pays one-half the salary and benefits of the 56 county attorneys from state general fund, as required by Section 7-4-2502, MCA.

### Budget as Approved by the Regular 1991 Legislative Session

The budget for the County Attorney Payroll program increases over fiscal 1990 levels primarily due to the County Attorney Payroll Salary Increase Budget Modification #11 discussed in the agency narrative, the addition of 0.45 FTE during the 1991 biennium over appropriated levels, and pay increases averaging 3.3 percent as authorized by statute. Two counties have increased their county attorney position from part-time to full-time as allowed by statute, resulting in the FTE increase. These increases resulted in the need for a supplemental appropriation in the 1991 biennium of \$77,000.

Statute requires that county attorney salaries are payable one-half from the state treasury (general fund) and one-half from the county general fund. The budgeted state payroll for county attorneys includes funds for 20 full-time county attorneys, 13 county attorneys at 60 percent time, 22 county attorneys at half-time, and one county attorney at 20 percent time.

## LAW ENFORCEMENT ACADEMY DIVISION

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	10.50	10.50		10.50	10.50	10.50		10.50
Personal Services	332,052	332,052	17,420	349,472	331,445	331,445	27,862	359,307
Operating Expenses	259,100	259,100	0	259,100	259,357	259,357	0	259,357
Equipment	8,000	8,000	0	8,000	8,000	8,000	0	8,000
Debt Service	8,056	8,056	0	8,056	8,056	8,056	0	8,056
Total Costs	\$607,208	\$607,208	\$17,420	\$624,628	\$606,858	\$606,858	\$27,862	\$634,720
<u>Fund Sources</u>								
General Fund	607,208	607,208	17,420	624,628	606,858	606,858	27,862	634,720
Total Funds	\$607,208	\$607,208	\$17,420	\$624,628	\$606,858	\$606,858	\$27,862	\$634,720

## Program Description

The Law Enforcement Academy Division provides a professional education and training program in criminal justice for Montana law enforcement officers and other criminal justice personnel. The academy, at its campus in Bozeman, provides an annual curriculum specifically designed to meet the needs of the criminal and juvenile justice system.

## Budget as Approved by the Regular 1991 Legislative Session

The Law Enforcement Academy budget increases primarily due to additional personal services costs and the addition of a "pre-service" course.

Personal services increase due to: 1) vacancy savings in fiscal 1990; 2) the fiscal 1991 pay plan increase that continues into the 1993 biennium; 3) hiring two replacement staff at higher step levels than the budgeted step 2; 4) the addition of an 0.5 FTE (although operating expenses were reduced by the same amount); and 5) salary upgrades as a result of a program reorganization, at a cost of \$30,600 per year.



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## LAW ENFORCEMENT ACADEMY DIVISION

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Operating expenses increase due to the addition of the "pre-service" ten-week basic training course at the Academy for up to 32 students each year, at a cost of \$48,000 per year. As authorized by the 1989 legislature in House Bill 146, the students will pay tuition fees to attend the course in an amount sufficient to fund the increased cost, with all fees deposited in the general fund. Other minor adjustments to the fiscal 1990 base were offsetting.

Actual fiscal 1990 expenditures were \$30,000 below the appropriated levels. The savings were due to the purchase of the academy buildings and campus in July 1988 and the resulting lower costs of operating the facility. While the 1991 biennium budget was based on an anticipated 25 percent reduction in operating costs due to the building purchase, actual expenditures in fiscal 1990 were an additional \$30,000 lower than expected.

Equipment includes \$2,000 per year for the replacement of mattresses, \$2,000 per year to replace hot water heaters, \$2,000 per year to replace personal computers over 5 years old, and \$2,000 per year to replace audio-visual educational equipment.

Debt service is for the lease of a copy machine.

### Funding

The Law Enforcement Academy is funded entirely by general fund. The Academy charges tuition for certain classes that are taught, particularly specialized courses and the new "pre-service" course, which is self-supporting. All tuition fees are deposited in the general fund.

## CENTRAL SERVICES DIVISION

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	9.00	9.00		9.00	9.00	9.00		9.00
Personal Services	277,661	277,661		305,495	277,094	277,094	44,353	321,447
Operating Expenses	127,687	127,687	27,834	127,687	93,913	93,913	0	93,913
Equipment	5,000	5,000	0	5,000	5,000	5,000	0	5,000
Total Costs	\$410,348	\$410,348	\$27,834	\$438,182	\$376,007	\$376,007	\$44,353	\$420,360
<u>Fund Sources</u>								
General Fund	184,451	184,451	6,211	190,662	169,654	169,654	9,928	179,582
State Revenue Fund	215,638	215,638	17,286	232,924	196,952	196,952	27,193	224,145
Proprietary Fund	10,259	10,259	4,337	14,596	9,401	9,401	7,232	16,633
Total Funds	\$410,348	\$410,348	\$27,834	\$438,182	\$376,007	\$376,007	\$44,353	\$420,360

Program Description

The Central Services Division provides the administrative, personnel, budgetary, accounting, and fiscal support for the Department of Justice. The program also administers the county attorney payroll and transportation of prisoners program expenditures.

Budget as Approved by the Regular 1991 Legislative Session

The Central Services Division current level budget increases from fiscal 1990 to 1992 primarily due to increased personal services and the inclusion of a biennial appropriation in fiscal 1992 for the legislative audit.

Personal services increase due to vacancy savings in fiscal 1990 and the fiscal 1991 pay plan increase that is continued in the 1993 biennium.

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## CENTRAL SERVICES DIVISION

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Operating expenses increase due to the \$36,993 biennial appropriation in fiscal 1992 for audit costs as compared to audit expenditures of only \$22,888 in fiscal 1990. There were also increases of over \$9,000 in fiscal 1992 and \$12,000 in fiscal 1993 over fiscal 1990 levels for fixed costs such as building rent, payroll service fees, and computer network fees. Travel costs increase \$1,000 per year.

Equipment includes \$5,000 per year for replacement computers and software for four work stations.

### Funding

The Central Services Division is supported by a direct allocation from the four major funds that support the Department of Justice in proportion to their total budgeted costs. This represents a change from last biennium, when only three funds supported the division. The gambling license fee state special revenue account was not included in the 1991 biennium allocation. The increase in the proprietary fund allocation reflects an expansion of the Agency Legal Services program in fiscal 1993. Funding for the division in the 1993 biennium includes 45 percent from the general fund, 46.5 percent from the highways state special revenue fund, 6 percent from the gambling license fee account, and 2.5 percent from the Agency Legal Services proprietary account.

## DATA PROCESSING DIVISION

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	15.00	15.00		15.00	15.00	15.00		15.00
Personal Services	447,168	447,168	28,711	475,879	446,996	446,996	46,604	493,600
Operating Expenses	395,072	395,072	0	395,072	399,502	399,502	0	399,502
Equipment	61,000	61,000	0	61,000	16,000	16,000	0	16,000
Debt Service	34,122	34,122	0	34,122	34,122	34,122	0	34,122
Total Costs	\$937,362	\$937,362	\$28,711	\$966,073	\$896,620	\$896,620	\$46,604	\$943,224
<u>Fund Sources</u>								
General Fund	696,393	696,393	20,515	716,908	649,773	649,773	33,050	682,823
State Revenue Fund	240,969	240,969	8,196	249,165	246,847	246,847	13,554	260,401
Total Funds	\$937,362	\$937,362	\$28,711	\$966,073	\$896,620	\$896,620	\$46,604	\$943,224

### Program Description

The Data Processing program provides a full range of automated data processing and telecommunication services for the Department of Justice including: 1) system development and maintenance of the motor vehicle registration system; 2) driver history system; 3) criminal history record information system and the Montana Uniform Crime Reporting System; 4) computer operator support for the Department of Justice computer system (which serves as a back-up system for the state mainframe system and is owned by the Department of Administration); 5) and system development and support for the Criminal Justice Information Network (CJIN). CJIN links law enforcement/criminal justice agencies with information sources at local, state, and national levels by interfacing with the National Law Enforcement Telecommunications System, the National Crime Information Center (NCIC), and numerous State of Montana files.

### Budget as Approved by the Regular 1991 Legislative Session

The Data Processing Division budget increases due to higher personal services costs and the Data Processing Air Conditioner Budget Modification #12 discussed in the agency narrative, but the increase is nearly offset by reduced operating expenses.

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## DATA PROCESSING DIVISION

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Vacancy savings in fiscal 1990 and the continuation of the fiscal 1991 pay plan increase in the 1993 biennium account for the personal services increase, partially offset by the 4 percent personal services reduction applied in the 1993 biennium.

Operating costs decrease due to the net result of: 1) \$2,100 per year for fixed costs increases in rent and payroll fees; 2) a \$4,000 increase in the annual service fee for the National Law Enforcement Teletype Service; 3) a \$52,882 reduction in data network charges; and 4) inflationary adjustments of \$1,900 per year.

Equipment includes \$45,000 in fiscal 1992 for the purchase of a computer room air conditioner in the budget modification, \$7,300 per year for priority purchase and replacement of computers and office equipment, and \$8,700 per year for three additional computer work stations for anticipated new CJIN network users. The cost of the CJIN equipment should be recovered by fees charged to the new users.

Debt service is for payments on personal computers. The computers were purchased in fiscal 1990 and operating expenses for equipment maintenance contracts were reduced by the same amount.

### Funding

Operating costs of the CJIN network are partially supported by the CJIN state special revenue account, which receives revenue from fees charged to user agencies. The balance of the Data Processing Division operation is supported by general fund.

## EXTRADITION & TRANSPORTATION OF PRISONERS

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	.00	.00		.00	.00			.00
Operating Expenses	<u>193,648</u>	<u>143,648</u>	<u>0</u>	<u>143,648</u>	<u>193,640</u>	<u>143,640</u>	<u>0</u>	<u>143,640</u>
Total Costs	\$193,648	\$143,648	\$0	\$143,648	\$193,640	\$143,640	\$0	\$143,640
<u>Fund Sources</u>								
General Fund	<u>193,648</u>	<u>143,648</u>	<u>0</u>	<u>143,648</u>	<u>193,640</u>	<u>143,640</u>	<u>0</u>	<u>143,640</u>
Total Funds	\$193,648	\$143,648	\$0	\$143,648	\$193,640	\$143,640	\$0	\$143,640

### Program Description

The Extradition and Transportation of Prisoners program reimburses county sheriffs for allowable expenses associated with transporting prisoners to Montana detention centers and for expenses of extraditing prisoners to Montana.

### Special Session Action

As discussed under "Special Session Action" (item 5) in the agency narrative, the January 1992 special session imposed a \$50,000 (25.6 percent) per year reduction in this program for expenses associated with transporting and extraditing prisoners to Montana detention centers.

### Budget as Approved by the Regular 1991 Legislative Session

The Extradition and Transportation of Prisoners program budget increases nearly 32 percent due to a significant increase in the number of claims and increasing travel costs. Operating costs shown in the table above for fiscal 1990 do not include a supplemental appropriation expenditure of \$44,882. Costs of the program increased dramatically from \$146,855 in fiscal 1988, to \$187,198 in fiscal 1989, and to \$191,751 in fiscal 1990. The 1993 biennium budget is based on actual fiscal 1990 expenditures (including the supplemental) adjusted for inflation (\$1,900 per year), as expenditures are expected to continue at this level.

## FORENSIC SCIENCE DIVISION

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	17.00	17.00		17.00	17.00	17.00		17.00
Personal Services	748,043	748,043	19,961	768,004	748,148	748,148	32,410	780,558
Operating Expenses	316,254	316,254	0	316,254	317,150	317,150	0	317,150
Equipment	110,000	110,000	0	110,000	25,000	25,000	0	25,000
Total Costs	\$1,174,297	\$1,174,297	\$19,961	\$1,194,258	\$1,090,298	\$1,090,298	\$32,410	\$1,122,708
<u>Fund Sources</u>								
General Fund	930,630	930,630	13,159	943,789	864,061	864,061	21,465	885,526
State Revenue Fund	243,667	243,667	6,802	250,469	226,237	226,237	10,945	237,182
Total Funds	\$1,174,297	\$1,174,297	\$19,961	\$1,194,258	\$1,090,298	\$1,090,298	\$32,410	\$1,122,708

### Program Description

The Forensic Science program, which includes the State Crime Lab in Missoula and the State Medical Examiner, provides for a statewide system of death investigation, forensic science training, and scientific criminal investigation and analysis for specimens submitted by law enforcement officials, coroners, and state agencies. The division tests firearms, toolmarks, hair, fiber, drugs, blood, body fluids, and tissues. The laboratory also analyzes blood, breath, and urine samples in connection with Driving Under the Influence of Alcohol or Drugs (DUI) and provides the certification, maintenance, and training of all law enforcement personnel on breath testing instruments.

### Budget as Approved by the Regular 1991 Legislative Session

The Forensic Science Division budget increases from fiscal 1990 to 1992 due to a significant increase in personal services costs and a higher equipment budget.

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## FORENSIC SCIENCE DIVISION

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Personal service costs in the 1993 biennium are nearly \$300,000 higher per year than in fiscal 1990 for three reasons: 1) the division increased salaries for nine forensic scientists by over two grade levels using a market factor pay plan adjustment approved by the Department of Administration; 2) the division experienced a significant vacancy savings rate in fiscal 1990 due to recruitment problems for forensic scientists and a vacancy in the \$90,000 medical examiner's position for nine months in fiscal 1990; and 3) the fiscal 1991 pay plan increase continues into the 1993 biennium.

For the last two biennia, the division has had significant vacancies and turnovers in the forensic scientist positions. In the 1991 biennium, the division upgraded the positions from an average grade 15, step 6 to the equivalent of a grade 17, step 13 in an attempt to resolve recruitment and retention problems. The cost of the increases is approximately \$150,000 per year.

Operating expenses decrease due to the elimination of \$54,000 in renovation costs from the fiscal 1990 base. These costs were for an expansion into the west wing of the State Crime Lab in Missoula, which was authorized by the 1989 legislature. An additional \$9,000 was removed from the operating expense base for a one-time increase in contract services for a pathologist while the chief examiner's position was vacant nine months in fiscal 1990. These decreases are partially offset by increases for: 1) contractual rent for the State Crime Lab of \$9,200 per year; 2) \$20,000 per year for autopsy supplies; 3) \$17,000 per year for maintenance contracts on new lab equipment; 4) \$5,845 per year for computer network service fees; and 5) \$2,800 in fiscal 1992 and \$3,700 in fiscal 1993 in inflationary adjustments.

Equipment includes \$110,000 in fiscal 1992 for the replacement of a gas chromatograph that has reached its recommended useful life and is becoming costly to maintain. An additional \$25,000 in fiscal 1993 is included for the replacement of additional laboratory equipment on a priority basis.

### Funding

The program is partially funded by alcoholism treatment state special revenue funds for the laboratory testing and intoxilizer equipment maintenance done by the State Crime Lab for the DUI Enforcement program. These funds also support part of the cost of a DUI specialist forensic scientist position at the lab. The balance of the program is funded by general fund.



## BUDGET REDUCTIONS

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	.00	.00		.00	.00	.00		.00
Personal Services	55,436-	304,762-	0	304,762-	54,015-	381,749-	0	381,749-
Total Costs	\$55,436-	\$304,762-	\$0	\$304,762-	\$54,015-	\$381,749-	\$0	\$381,749-
<u>Fund Sources</u>								
General Fund	55,436-	304,762-	0	304,762-	54,015-	381,749-	0	381,749-
Total Funds	\$55,436-	\$304,762-	\$0	\$304,762-	\$54,015-	\$381,749-	\$0	\$381,749-

During the 1991 regular session and the 1992 special session, the legislature imposed the reduction in the agency's general fund budget shown in the table above. Section 6 of House Bill 2 allows the agency, with the approval of the approving authority as defined in Section 17-7-102, to determine the proportional share of the amount to be applied to each program.

## DEPARTMENT OF TRANSPORTATION

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	2,003.77	2,004.77		2,004.77	2,006.07	2,007.07		2,007.07
Personal Services	59,903,698	59,893,506	3,656,286	63,549,792	59,854,847	59,846,550	5,807,992	65,654,542
Operating Expenses	227,708,998	227,694,481	0	227,694,481	231,097,850	231,097,850	0	231,097,850
Equipment	6,726,378	6,726,378	0	6,726,378	6,379,930	6,379,930	0	6,379,930
Capital Outlay	4,162,400	4,162,400	0	4,162,400	4,161,700	4,161,700	0	4,161,700
Grants	3,290,684	3,290,684	0	3,290,684	990,684	990,684	0	990,684
Transfers	14,218,404	14,218,404	0	14,218,404	17,159,771	17,159,771	0	17,159,771
Debt Service	14,219	14,219	0	14,219	14,219	14,219	0	14,219
Total Costs	\$316,024,781	\$316,000,072	\$3,656,286	\$319,656,358	\$319,659,001	\$319,650,704	\$5,807,992	\$325,458,696
<u>Fund Sources</u>								
General Fund	585,524	537,710	12,148	549,858	372,427	341,074	19,484	360,558
State Revenue Fund	154,918,203	154,941,308	2,522,508	157,463,816	158,226,280	158,249,336	3,702,398	161,951,734
Federal Revenue Fund	146,301,579	146,301,579	822,141	147,123,720	147,152,855	147,152,855	1,674,120	148,826,975
Proprietary Fund	14,219,475	14,219,475	299,489	14,518,964	13,907,439	13,907,439	411,990	14,319,429
Total Funds	\$316,024,781	\$316,000,072	\$3,656,286	\$319,656,358	\$319,659,001	\$319,650,704	\$5,807,992	\$325,458,696

## Agency Description

The 1991 legislature passed Senate Bill 164, which merged the former Department of Highways, the Transportation and Aeronautics Divisions of the Department of Commerce, and the Motor Fuels Division from the Department of Revenue into a new Department of Transportation. The goal of the reorganization was to improve Montana's multi-modal transportation planning by consolidating into a single agency all transportation-related functions into one department to offer a unified vision of Montana's transportation needs, promote economic growth, and provide "one-stop shopping" for transportation related services.

The new department was created July 1, 1991, and is presented here as the merged new Department of Transportation. The organization of the three programs transferred to the Department of Transportation remained primarily the same and are still separate programs. The former Transportation Division was renamed the Rail and Transit Division.

## DEPARTMENT OF TRANSPORTATION

## Special Session Action

		===== Executive Budget Proposal =====		===== Legislative Budget Action =====	
Description	Pgm	--- Fiscal 1992 ---		--- Fiscal 1993 ---	
		General Fund	Other Funds	General Fund	Other Funds
House Bill 2					
1) McCarty Farms Litigation	50	(\$14,517)			
2) Transportation Coordination	50	<u>(33,297)</u>		<u>(\$31,353)</u>	<u>(\$31,353)</u>
Sub-Totals		(47,814)		(31,353)	(31,353)
Other					
3) Coal Tax Alloc.-RTF (HB 10)	NA			(4,572,000)	
Sub-Totals				<u>(4,572,000)</u>	<u>(4,572,000)</u>
Grand Totals		(\$47,814)		(\$4,603,353)	(\$4,603,353)

1) McCarty Farms Litigation - The Executive Budget proposal and the legislature reduced the biennial appropriation for McCarty Farms litigation costs by 8 percent, from \$180,000 to \$165,483. Language in House Bill 2 required the agency to seek to recover all general fund expenditures plus interest from any settlement in this case.

2) Transportation Coordination - The Executive Budget proposal and the legislature reduced the Transportation Division operations appropriation (excluding the McCarty Farms biennial appropriation) 8 percent each fiscal year. The entire reduction will be applied to personal services. Vacancy savings of \$33,297 in fiscal year 1992 and \$31,353 in fiscal year 1993 will be applied, increasing the vacancy savings from 4 percent each year as applied in House Bill 2 to nearly 12 percent. The agency will absorb most of the vacancy savings by the transfer of 1.0 FTE to another program in DOT supported by other fund sources.

3) Coal Tax Allocation to RTF - Section 15-35-108(2), MCA, allocates 12 percent of coal severance tax collections to the highway reconstruction trust (RTF) account in the state special revenue fund through fiscal 2003. These funds are used for 100 percent state funded highway construction projects. The Executive Budget proposal and the legislature approved diversion of the fiscal 1993 coal tax allocation (estimated to be \$4,572,000) to the general fund. This will reduce the intended fiscal 1993 RTF program revenue

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## DEPARTMENT OF TRANSPORTATION

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resources by 21 percent. However, since there was no corresponding reduction in the Department of Transportation Construction Program appropriation for the RIF program, the agency can still expend the full appropriation by substituting additional highways special revenue funds.

House Bill 77 - Highway Patrol Retirement - House Bill 77 increased the retirement benefits payable in the Highway Patrol retirement system, and appropriated general fund money to supplement highways special revenue funds, which are statutorily appropriated to fund Highway Patrol retirement benefits. The general fund appropriation of \$578,000 was inadvertently appropriated by the 1991 legislature to the Department of Transportation to administer the retirement program. The Executive Budget proposal and the special session legislature reduced the House Bill 77 general fund appropriation 8 percent. Further, the appropriation was transferred to the Department of Justice (see discussion under "Special Session Action", Department of Justice agency narrative).

The reduction of general fund from this appropriation will be replaced by highways special revenue funds, which are statutorily appropriated to meet the required retirement fund payments. Therefore, this action is effectively a funding substitution of highways special revenue funds for general fund.

### Language

"The department is directed to submit to the 1993 legislature a construction work plan for the 1995 biennium that is detailed by year and project. This work plan must specify, by road system or project area, proposed projects on which \$1 million or more would be spent during the 1995 biennium and an aggregate cost for projects with anticipated expenditures of less than \$1 million. Costs must be detailed by year and project."

"The department may adjust appropriations and FTE in the Construction, Interfund Transfers, and Maintenance programs between fiscal years to reflect actual expenditures related to the construction work plan and maintenance activities."

"The department may adjust appropriations in the Construction program between fund types, provided that the adjustment does not exceed 10% of the total appropriation established by the legislature for the construction program. All transfers between fund types must be fully explained and justified on budget documents submitted to the Office of the Budget and Program Planning, and all fund transfers of over \$1 million in any 30-day period must be communicated to the Legislative Finance Committee in a written report."

The transfer authority language presented above is unique in state government, recognizing the difficulty of estimating the timing of contract payments and final funding mix of highway construction projects. It allows the department flexibility to move appropriation authority between fund sources and fiscal years to adjust for reasonable variations in the approved construction work plan. Without the language, the department would be required to submit budget amendments and supplemental requests to move the funds and appropriations as needed.

Similar language has been in the appropriations bill for the last two biennia. The department used the transfer authority language in the 1991 biennium to exceed the 100 percent state funded RIF appropriation, increasing it from \$66 million as approved by the 1989 legislature to over \$90 million, exceeding the original state revenue appropriation and construction plan by \$24 million. This

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## DEPARTMENT OF TRANSPORTATION

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was done by reducing federal authority. The 10 percent limitation on fund transfers contained in the language above would limit fund transfers to \$41.9 million in the 1993 biennium.

"State Highway Commission Commissioners cannot be flown to or from Highway Commission meetings in state-owned aircraft unless documented cost savings over other transportation options can be achieved." This language was added to House Bill 2 in the January 1992 special session.

### Budget as Approved by the Regular 1991 Legislative Session

The Department of Transportation budget increases due primarily to a significant increase in the biennial highway construction program and ten budget modifications totaling \$4.1 million for the biennium.

There is an \$18.7 million decrease in the Interfund Transfers program from fiscal 1990 to 1992. This amount is appropriation authority for a fund transfer between accounts. When this non-operational accounting adjustment is removed along with the impact of biennial appropriations in the Rail and Transit Division, the actual agency increase is 16.5 percent. Most of the increase is in the Construction program, which increases 21.5 percent (\$36.5 million) due to an expansion of the highways construction plan. The remaining programs account for a net increase of 3.3 percent (\$8.8 million) due to inflationary adjustments and increases in personal services.

The increase in the Construction program reflects a significant increase in the level of planned highway construction projects, resulting from an anticipated increase in federal aid funding of over 20 percent. Montana will receive a base level of federal aid of \$120 million per year during the 1993 biennium, in contrast to the \$100 million funding level that has occurred for the past several years. Additional federal aid funds of \$15 million are also anticipated each year for special projects. The 1993 biennium construction plan is discussed in more detail in the narrative for the Construction program.

Personal services increase due to: 1) significant vacancy savings in fiscal 1990; 2) the fiscal 1991 pay plan increase that continues in the 1993 biennium; 3) the addition of 22.95 FTE in fiscal 1992 and 25.25 FTE in fiscal 1993 in the Construction program for the increased construction workload; and 4) an increase in workers' compensation rates.

The legislature implemented a 4 percent (\$5.0 million) across-the-board reduction in funding for the total agency personal services in fiscal 1992 and 1993. Funding sources were reduced in proportion to the total personal services at the program level.

Operating expenses increase primarily due to costs associated with the increased highways construction work plan. These costs include contractor payments and payments to engineering consultants for project design. The remaining increase is largely due to the ten budget modifications shown below and inflationary adjustments for gasoline and oil-based products.

Over 84 percent of the equipment budget is for replacement of construction equipment and vehicles in the Equipment and State Motor Pool programs.

Capital outlay is for right-of-way land purchases and for purchase of land for maintenance storage and sand lots.

## DEPARTMENT OF TRANSPORTATION

Grant funds include \$276,000 each year in the General Operations program for grants to counties for urban transportation planning, \$10,000 each year in the Aeronautics Division for engineering studies for small airports, and \$3.7 million for the biennium in the Rail and Transit Division. The Rail and Transit Division grant funds are for public transit system grants and railroad construction and rehabilitation projects, as described in the program narrative.

Transfers shown in the main table are primarily appropriation authority for fund transfers from the highways special revenue account to the reconstruction trust fund account, as explained in the narrative for the Interfund Transfers program.

Debt service funds are for the lease of a telephone system in the Construction program and for the administrative expenses of the debt service on building and revenue bond issues.

### Summary of Budget Modifications

		FY 1992-			FY 1993-		
	PGM	FTE	General Fund	Other Funds	FTE	General Fund	Other Funds
1 SB164-Dept of Trans Organiz.	01	1.00		\$105,128	1.00		\$30,061
2 Road Reporting System	01			12,750			13,630
3 Map Digitizing	01			120,000			120,000
4 Kalispell By-Pass Study	01			150,000			
5 City Park Rest Areas	02			200,000			200,000
6 Monitoring Fuel Tanks	03			1,109,800			1,109,800
7 Automated Weigh Stations	22			243,820			68,700
8 G.V.W. Officer Training	22			30,165			25,165
9 West Yellowstone Airport	40			17,000			
10 Local Rail Service Grant	50			500,000			
Totals		1.00		\$2,488,663	1.00		\$1,567,356

1) Senate Bill 164 - Department of Transportation Organization Costs - This modification adds 1.0 FTE and \$135,189 highways special revenue funds for organization costs to create the Department of Transportation, in accordance with Senate Bill 164. The 1.0 FTE is a permanent position, transferred from the Department of Revenue. There are \$75,000 of organization costs in fiscal 1992 that are a one-time expense.

2) Road Reporting System - This modification provides funds for increased telephone equipment charges from the upgrade of permanent traffic monitoring sites on the interstate and primary systems with vehicle classification equipment that provides the capability to

## DEPARTMENT OF TRANSPORTATION

transmit the data automatically through telephone lines. This information is used by the department in planning future highway needs. The new equipment required for the monitoring sites is included in current level equipment costs.

- 3) Map Digitizing - This project will convert old linen base maps into digital vector format in order to produce publishable quality maps on Computer-Aided Design and Drafting (CADD) equipment. This is a one-time expense.
- 4) Kalispell By-Pass Study - This project utilizes special federal highway demonstration funds to hire a consultant to determine the feasibility and location of a by-pass route around Kalispell. This is a one-time expense.
- 5) City Park Rest Areas - This modification includes \$400,000 highways state special revenue fund in the 1993 biennium to provide grants to local communities to upgrade city parks located along primary highways into highway rest areas. The community would own, manage, and maintain these city parks/rest areas. An estimated four sites per year would be completed. Eighteen sites have been identified for possible conversion to highway rest areas.

- 6) Monitoring Fuel Tanks - This modification includes \$2,219,600 highways state special revenue fund in the 1993 biennium to upgrade existing Department of Transportation and Highway Patrol Division underground fuel storage tanks with cathodic protection and leak detection devices to comply with new federal regulations mandated by the Environmental Protection Agency. The upgrade program began in the 1993 biennium and will continue in future biennia.

- 7) Automated Weigh Stations - This modification includes \$312,520 of highways state special revenue funds in the 1993 biennium for automation of specific functions at the state's weigh stations, including on-line access to GVW enforcement data. Fax machines and computers will be installed at a cost of \$212,520 and telephone line expenses will be \$100,000 to operate the new equipment.

- 8) GVW Officer Training - This modification includes \$55,330 highways state special revenue fund in the 1993 biennium for GVW officer training. The training will include law enforcement training, computer training (related to Budget Modification #1), and handling of hazardous waste.

- 9) West Yellowstone Airport Maintenance - This modification will allow restriping of the runways, installation of radio controlled lighting, and updating the radio and monitoring system to meet FAA requirements.

- 10) Local Rail Service Grant - This biennial appropriation of federal Local Service Assistance funds will be used for assistance in railroad construction and rehabilitation projects.

### Funding

General fund provides only 0.1 percent of total funding for the Department of Transportation. The only program supported by general fund is the Rail and Transit Division, where 65 percent of the operating budget is supported by general fund.

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## DEPARTMENT OF TRANSPORTATION

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State special revenue funds provide nearly 50 percent of agency funding. Highways state special revenue funds decrease, reflecting a significant decrease in the level of 100 percent state funded Reconstruction Trust Fund (RTF) construction projects compared to the 1991 biennium and an increase of state-match federal aid construction. In addition to providing funding for RTF construction and the state match for federal aid construction, highways state special revenue accounts provide funding for the Maintenance program, the GVM program, Stores program, Motor Fuels program, grant funds in the Rail and Transit Division, and administrative costs of the department. Other state special revenue fund appropriations include rail construction loan repayment authority in the Rail and Transit Division and primary support for the operating budget of the Aeronautics Division, which receives revenues from a one cent tax on aviation fuels.

Federal funding provides 46 percent of agency funding. The increase in federal highways funding reflects the anticipated \$20 million per year increase in obligation authority for federal aid construction, as well as the inclusion of over \$15 million per year for contingency federal fund availability and the carryover of approximately \$10 million in federal obligation authority from prior years. The highways federal revenues are primarily from Federal Highway Surface Transportation Act funds, which require a state match for federal aid highway construction projects. The federal/state match has been an average 80/20 percent mix through fiscal 1991, but will change under the new federal transportation act, with the state match ratio likely decreasing slightly. Up to 1.5 percent of federal highway funds can be used for highway planning and research. Other federal revenue appropriations include urban mass transit funds primarily for pass-through grants (Rail and Transit Division), and grant funds for emergency and construction needs at Montana airports (Aeronautics Division).

Proprietary funds are for the Equipment and State Motor Pool programs, and for the operation of the West Yellowstone Airport in the Aeronautics Division.

Combined highways state special revenue funds include the highways special revenue account, the RTF account, and the bond proceeds account. The primary account is the highways special revenue account, which receives most of its revenues from user fees, including gas and diesel fuel taxes, and gross vehicle weight fees, licenses, and permits. The RTF account receives revenues from coal severance tax collections, as well as transfers from the bond proceeds and highways special revenue accounts. The bond proceeds account received revenues from a \$150 million revenue bond issue in the 1980's. This was the primary source of RTF project funding until fiscal 1991, when the funds were depleted.

Table 1 is a cash flow analysis of the combined highways special revenue, RTF, and bond proceeds accounts for the 1991 and 1993 bienniums. Figures in the 1991 biennium are actual expenditures from Statewide Budget and Accounting System (SBAS) records. Expenditures in the 1993 biennium reflect appropriations as approved by the legislature in House Bill 2, House Bill 5 and House Bill 509 and in statutory appropriations. House Bill 2 appropriations are based on an 80/20 federal/state match ratio. The Department of Transportation has made a revised estimate of expenditures using the new 87/13 federal/state average match ratio (effective in fiscal 1992 under the new federal Surface Transportation Act), and projects that highways state special revenue expenditures would be \$16 million less than the appropriated level. Using these projections, there would be an ending fund balance of over \$39 million, if the funds and existing appropriation authority were not used for other purposes, such as RTF projects. However, the department also estimates potential liabilities in the 1993 biennium of \$2.6 million for bond arbitrage rebates and \$4.0 million for distributions of fuel tax revenues to Indian reservations. These potential liabilities have not been included in the table below.



## DEPARTMENT OF TRANSPORTATION

Table 1

Combined Highways State Special Revenue Accounts  
Estimated Cash Flow  
Fiscal years 1990 through 1993

	FY 90	FY 91	FY 92	FY 93
Beginning Cash Balance	\$145,903,788	\$129,525,790	\$ 90,412,889	\$ 63,708,721
Revenues				
Gasoline Tax	\$ 82,282,766	\$ 81,125,141	\$ 81,277,000	\$ 80,717,000
Diesel Tax	23,821,548	22,797,863	24,692,000	25,617,000
GW Tax	26,426,906	24,859,208	25,530,575	25,530,575
Coal Tax	8,144,464	6,054,941	4,745,000	0
Bond Interest Earnings	3,925,575	725,549	0	0
Stores	13,605,350	12,950,817	15,460,726	14,901,886
Other	4,998,444	4,157,460	1,250,000	1,250,000
Adjustment		(144,359)		
Total Revenues	\$163,205,053	\$152,526,620	\$152,955,301	\$148,016,461
Expenditures				
Transportation Budget				
General Operations	\$ 6,075,639	\$ 6,256,818	\$ 7,289,968	\$ 7,096,896
Construction				
Federal Aid Construction	29,744,625	33,334,620	44,935,197	45,644,663
RTF Construction	41,025,782	48,379,610	18,738,806	21,647,572
Preconstruction	5,028,133	6,737,771	0	0
Maintenance	44,480,936	45,863,441	49,577,565	49,972,920
Stores	13,209,039	13,288,393	15,460,726	14,901,886
GW	3,370,452	3,485,987	4,087,845	4,130,525
Motor Fuels	696,250	713,293	643,224	640,343
Rail and Transit	71,250	71,250	71,250	71,250
Bond Principal & Interest	10,566,903	10,270,077	10,655,333	18,476,333
Local Governments	14,075,000	14,075,000	14,075,000	14,075,000
Dept of Justice	10,824,398	10,920,775	11,846,338	11,842,956
Highway Traffic Safety	60,950	66,712	78,927	80,807
Dept Fish, Wildlife, & Parks	0	29,735	222,265	84,000
Long-Range Bldg	457,942	573,450	1,977,025	0
Adjustment	(104,248)	(2,427,411)		
Total Disbursements	\$179,583,051	\$191,639,521	\$179,659,469	\$188,665,151
Expenses in Excess of Rev.	(\$16,377,998)	(\$39,112,901)	(\$26,704,168)	(\$40,648,690)
Ending Cash Balance	\$129,525,790	\$ 90,412,889	\$ 63,708,721	\$ 23,060,031

## DEPARTMENT OF TRANSPORTATION

The RTF program was enacted in 1983, enabling the department to undertake 100 percent state funded primary system improvement projects. Funding for the RTF comes from 12 percent of total coal severance tax collections (except in fiscal 1993), bond proceeds, and the highways special revenue account. A \$150 million bond issue in the 1980's provided the primary source of RTF funding until fiscal 1991, when the bond proceeds were fully expended. Until fiscal 1991, the fund balance in the highways special revenue account continued to grow. Beginning in fiscal 1991, the highways special revenue account became the primary source for RTF projects, and the fund balance began to fall. The combined accounts balance was reduced from \$145.9 million to \$90.4 million during the 1991 biennium and is projected to fall an additional \$67.3 million in the 1993 biennium, leaving a fund balance of only \$23.1 million on July 1, 1993. If current spending levels continue through the 1995 biennium, the account will have a negative cash balance in fiscal 1994. Additional funding will be required to maintain current level services beyond the 1993 biennium or significant program reductions will be required.

### Other Legislation

HB 309 - Off-Highway Vehicle Program - This bill allocated 1/8 of 1 percent of gasoline license tax revenues to off-highway vehicle programs. These funds previously went toward highway construction and will result in a reduction in highways revenues of \$219,000 in the 1993 biennium.

SB 77 - Gasohol Tax Incentives - Senate Bill 77 extended the termination of the current tax incentive for the production of alcohol for blending with gasoline until the year 2001, increased the maximum total incentive payments in any consecutive 12-month period from \$1.25 million to \$6.0 million, and increased the maximum incentives that a distributor can receive from \$1.0 million to \$1.5 million. While no impact on state highways revenues is expected in the 1993 biennium, the long range impact on highways revenues may result in reduced state revenues.

SB 122 - Highway Reconstruction Trust Program - The Reconstruction Trust program was created by the 1983 legislature, authorizing a ten-year plan to improve Montana's primary highway system. An average \$30 million per year has been expended for 100 percent state funded highway projects. A coal tax allocation of 12 percent to highways construction was used to partially fund the program. The program was due to sunset at the end of fiscal 1993. Senate Bill 122 extended the Highway Reconstruction Trust program through fiscal 2003 and continued the 12 percent coal tax allocation. The January 1992 special session diverted the coal tax allocation to the general fund for fiscal 1993 only.

SB 164 - Department of Transportation - As discussed above, Senate Bill 164 created a new Department of Transportation from the existing Department of Highways, the Motor Fuel Tax Division of the Department of Revenue, and the Aeronautics and Transportation Divisions of the Department of Commerce.

## GENERAL OPERATIONS PROGRAM

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	169.93	169.93		169.93	169.93	169.93		169.93
Personal Services	4,819,215	4,819,215		5,321,331	4,815,987	4,815,987	708,162	5,524,149
Operating Expenses	3,568,547	3,568,547	502,116	3,568,547	3,124,524	3,124,524	0	3,124,524
Equipment	306,672	306,672	0	306,672	234,572	234,572	0	234,572
Grants	276,000	276,000	0	276,000	276,000	276,000	0	276,000
Debt Service	11,150	11,150	0	11,150	11,150	11,150	0	11,150
Total Costs	\$8,981,584	\$8,981,584	\$502,116	\$9,483,700	\$8,462,233	\$8,462,233	\$708,162	\$9,170,395
<u>Fund Sources</u>								
State Revenue Fund	6,843,350	6,843,350	485,674	7,329,024	6,475,572	6,475,572	685,308	7,160,880
Federal Revenue Fund	2,138,234	2,138,234	16,442	2,154,676	1,986,661	1,986,661	22,854	2,009,515
Total Funds	\$8,981,584	\$8,981,584	\$502,116	\$9,483,700	\$8,462,233	\$8,462,233	\$708,162	\$9,170,395

### Program Description

The General Operations program provides the administrative support services for the department, including general administration and management, accounting and budgeting, planning and program development, research, legal services, computer systems support, and personnel.

### Language

The department needs a study to determine if current user fee levels (fuel taxes and GWV fees) for each class of vehicle are appropriate. Since GWV fees have not been revised in 22 years and have declined significantly in comparison to other user fees, they may not adequately reflect use and benefit for vehicles subject to the fees. Other states have experienced costs of \$150,000 for conducting cost responsibility studies. The following language requires the Department of Highways to conduct a cost responsibility study for the state highway system.

"The department is directed to conduct a cost responsibility study to determine the appropriate ratio of highway user fees based on road wear caused by each type of user. The department shall provide a report of study results and a recommended fee structure to the Legislative Finance Committee by June 1, 1992."

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## GENERAL OPERATIONS PROGRAM

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### Legislative Intent

The General Operations program budget includes \$8,096 per year for warrant processing fees, which is to be paid in full to the State Auditor's office as reimbursement for warrant processing costs.

### Budget as Approved by the Regular 1991 Legislative Session

The General Operations budget increases due to four budget modifications, an increase in personal services costs, the approval of several special projects, new computer network fees, and an expansion of the agency computer system.

Personal services increase due to: 1) vacancy savings in fiscal 1990; 2) the fiscal 1991 pay plan increase that continues into the 1993 biennium; 3) an increase in workers' compensation rates; and 4) the addition of 1.0 FTE in the Department of Transportation Reorganization Costs Budget Modification #1 (see agency narrative).

Operating expenses increase due to: 1) licensing and software development costs for improvements in the department's Management and Budget System; 2) consultant costs for special studies, including urban transportation planning for Laurel and Miles City and an update of highway functional classifications; 3) Department of Administration network fees for support of the agency computer network; and 4) the four budget modifications discussed in the agency narrative. An offsetting decrease is in deflationary adjustments for Department of Administration computer processing charges in the 1993 biennium. Fiscal 1992 operating costs are higher than fiscal 1993 due to a biennial appropriation of \$71,028 in fiscal 1992 for audit fees, lower computer processing costs in fiscal 1993, and a \$70,000 highway classification study in fiscal 1992 only.

Equipment includes: 1) \$3,144 for personal computers; 2) \$15,800 for safety and educational equipment, including training videos, books, and projection equipment; 3) \$58,400 for replacement office equipment; 4) \$27,000 for photographic equipment, which includes \$25,000 for a replacement Log Etronic Printer; 5) \$60,000 for a new pavement deflection measuring device; 6) \$240,000 for expansion of the agency network to district offices; and 7) \$136,900 for traffic recording equipment, including the installation of 24 telemetry sites. The increased communications costs associated with installation of the new traffic recording equipment are discussed in the Road Reporting System Budget Modification #2 in the agency narrative.

Grant funds are for grants to County Planning Boards for urban transportation and rural technical assistance planning, which are continued at the fiscal 1991 appropriated level.

Debt service funds are for the administrative expenses of the debt service on building and revenue bond issues.

Section 15-70-101, MCA, appropriates \$14 million highways special revenue for distribution to cities and counties annually. These funds, which are distributed by the General Operations program, are not shown in the main table because they are statutory appropriations.

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## GENERAL OPERATIONS PROGRAM

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### Funding

State special revenue funds are from the highways special revenue account. In addition, the program receives 1.5 percent of the total federal aid funds from the Federal Highway Surface Transportation Act for highways planning and research activities. Other federal funds are provided by the Federal Minority and Disadvantaged Business Enterprise program.

## CONSTRUCTION PROGRAM

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	895.94	895.94		895.94	898.24	898.24		898.24
Personal Services	26,383,875	26,383,875	1,012,840	27,396,715	26,299,583	26,299,583	2,082,596	28,382,179
Operating Expenses	175,119,006	175,119,006	0	175,119,006	180,060,563	180,060,563	0	180,060,563
Equipment	713,409	713,409	0	713,409	774,285	774,285	0	774,285
Capital Outlay	3,944,000	3,944,000	0	3,944,000	3,944,800	3,944,800	0	3,944,800
Debt Service	3,069	3,069	0	3,069	3,069	3,069	0	3,069
Total Costs	\$206,163,359	\$206,163,359	\$1,012,840	\$207,176,199	\$211,082,300	\$211,082,300	\$2,082,596	\$213,164,896
Fund Sources								
State Revenue Fund	63,454,325	63,454,325	219,678	63,674,003	66,840,533	66,840,533	451,702	67,292,235
Federal Revenue Fund	142,709,034	142,709,034	793,162	143,502,196	144,241,767	144,241,767	1,630,894	145,872,661
Total Funds	\$206,163,359	\$206,163,359	\$1,012,840	\$207,176,199	\$211,082,300	\$211,082,300	\$2,082,596	\$213,164,896

### Program Description

The Construction program (Engineering Division) is responsible for construction project planning and development from the time a project is included in the long-range work plan through the actual construction of the project. The program's responsibilities include such tasks as project design, public hearings, right-of-way acquisitions, issuing contract bids, awarding contracts, and administering construction contracts. Contract administration is the supervision of highway construction projects from the time the contract is awarded to a private contractor until the project is completed and the work approved as meeting established construction standards. The Construction program consists of the combined Construction and Preconstruction programs as presented in the 1991 biennium budget.

### Legislative Intent

The Construction Program budget includes over \$15 million for the use of engineering consultants for project design due to the increased workload of a larger federal aid program in the 1993 biennium. Use of consultants can cost up to 40 percent more than using department design staff. The legislature encourages the department to utilize the most economical means available to complete project design work, and to transfer funds from consultants (operating expenses) and add FTE as necessary to accomplish the work in the most efficient way. Any additional FTE over the number shown in the table above may not be presented in the current level budget for the 1995 biennium.

## CONSTRUCTION PROGRAM

The Construction program consists of the combined Construction and Preconstruction programs for budget purposes. The legislature concurs in combining the programs for budget purposes but directs that separate accounting is to be continued on the Statewide Budget and Accounting System (SBAS) for Construction and Preconstruction activities.

### Budget as Approved by the Regular 1991 Legislative Session

1993 Biennium Construction Plan - The Construction program budget increases 21.5 percent from fiscal 1990 to 1992 due to a significant increase in the level of planned construction projects, resulting from a more than 20 percent increase in federal aid funding. For the past several years, Montana has experienced base level federal aid funding of approximately \$100 million per year, with additional federal funding for special projects. In late 1990, the Federal Highway Administration increased federal aid funding for the states significantly to spend down the federal highways trust fund that had amassed a large surplus due to restrictions on spending imposed by the provisions of the Gramm-Rudman Deficit Reduction Act. As a result, Montana will receive \$120 million per year for the next three to five years during the spend-down of the federal trust fund. Table 2 below shows the increase in the construction program compared to the 1991 biennium.

Table 2  
Contractor Payments  
Construction Plan Comparison  
1991 and 1993 Bienniums  
(In Millions)

<u>Construction Plan</u>	<u>-Appropriated- 1991 Biennium</u>	<u>-Appropriated- 1993 Biennium</u>	<u>Inc/(Dec)</u>
Federal Aid Construction	\$196.0	\$287.9	\$91.9
RTF Construction	<u>66.3</u>	<u>40.4</u>	<u>(25.9)</u>
Total	\$262.3	\$328.3	\$66.0
<u>Projected Actual Costs</u>			
Federal Aid Construction	\$171.6	\$287.9	\$116.3
RTF Construction	<u>90.7*</u>	<u>40.4</u>	<u>(50.3)</u>
Total	\$262.3	\$328.3	\$66.0

\* 1991 Biennium projection provided by the Department of Highways.

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## CONSTRUCTION PROGRAM

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As Table 2 shows, there is a net increase of \$66 million in the 1993 biennium construction plan compared to the 1991 biennium construction plan approved by the legislature. The table does not include adjustments to the 1991 biennium construction plan made by supplemental appropriations and budget amendments.

Contingency Budgeting - The budget includes an additional \$15 million for contingency funding, including "grab bag" funds often made available near the end of each fiscal year and other special projects funds. The department has consistently received this additional funding in the last several years and has either been able to obligate the available funds within existing spending authority or has obtained additional authority through the budget amendment or supplemental appropriation process. Since the department anticipates these contingency funds will be available in the 1993 biennium, they are included in the budget.

Budget Details - Personal services increase for the following reasons: 1) the addition of 22.95 FTE in fiscal 1992 and 25.25 FTE in fiscal 1993 as a result of the increased construction plan, at a cost of \$979,000 in the 1993 biennium; 2) a significant vacancy savings in fiscal 1990 due to a large turnover in personnel; 3) the fiscal 1991 pay plan increase that continues in the 1993 biennium; 4) an increase in overtime due to the increased workload; and 5) an increase in workers' compensation rates. The additional FTE (which include engineering technicians, materials laboratory aides, and survey aides) supplement the current construction staff in administering construction contracts let to private contractors.

Operating expenses increase to reflect the increase in contractor payments for construction projects and in other operating costs related to the construction plan increase. Contractor payments for planned construction projects are \$162 million in fiscal 1992 and \$166 million in fiscal 1993. The remaining operating costs are continued at fiscal 1990 expenditure levels with only minor adjustments.

Equipment is budgeted at \$1,487,694 for the biennium. Equipment needs identified by the department include Computer-Aided Design and Drafting (CADD) System upgrades (\$143,000), single-user computers, a new aerial camera (\$275,000), computers, communications equipment, laboratory equipment, and engineering equipment.

Capital outlay, which is for the purchase of right-of-way land for projects scheduled to be let to contract, is increased due to the increase in the federal aid construction program.

Debt service is for a leased telephone system.

Extension of RTF Program - The RTF program was created by the 1983 legislature, authorizing a ten-year plan to improve Montana's primary highway system with a 100 percent state-funded program. Up to \$40 million per year was authorized to rebuild the system, in addition to the existing federal aid program. Since 1983, expenditures in the RTF program have averaged approximately \$30 million per year due to funding limitations. Funding for both the state match for federal aid and a fully funded RTF program was not available. The program was scheduled to sunset at the end of the 1993 biennium, including termination of the 12 percent of coal severance tax earmarked for the program. Senate Bill 122 extends the program beyond fiscal 1993 and continues the coal severance tax allocation.



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## CONSTRUCTION PROGRAM

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### Funding

State special revenue includes highway reconstruction trust funds of \$40.4 million during the biennium for RTF construction projects, with the balance from the highways special revenue account. The highways special revenue account funds 100 percent of administrative overhead costs for the program and provides an average 20 percent match for approved federal aid projects, including preconstruction and contract administration costs. Federal aid funds are from the federal Highway Surface Transportation Act, which provide the average 80 percent federal match for construction projects. Under the new (1991) Highway Surface Transportation Act, the federal/state match will be an estimated 87/13 ratio.

## MAINTENANCE PROGRAM

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	654.88	654.88		654.88	654.88	654.88		654.88
Personal Services	20,672,528	20,672,528		22,196,198	20,702,274	20,702,274	2,134,256	22,836,530
Operating Expenses	26,975,753	26,975,753	1,523,670	26,975,753	26,830,776	26,830,776	0	26,830,776
Equipment	187,214	187,214	0	187,214	187,214	187,214	0	187,214
Capital Outlay	218,400	218,400	0	218,400	118,400	118,400	0	118,400
Total Costs	\$48,053,895	\$48,053,895	\$1,523,670	\$49,577,565	\$47,838,664	\$47,838,664	\$2,134,256	\$49,972,920
Fund Sources								
State Revenue Fund	48,053,895	48,053,895	1,523,670	49,577,565	47,838,664	47,838,664	2,134,256	49,972,920
Total Funds	\$48,053,895	\$48,053,895	\$1,523,670	\$49,577,565	\$47,838,664	\$47,838,664	\$2,134,256	\$49,972,920

### Program Description

The Maintenance program is responsible for preserving and maintaining the state highway system and its related facilities. Major maintenance activities include the patching, repair, and periodic sealing of highway surfaces, snow removal, and sanding.

### Budget as Approved by the Regular 1991 Legislative Session

The Maintenance program current level budget increases primarily due to increased personal services costs, increased equipment rental and weed control allocations, and inflationary adjustments.

Personal services increase primarily due to vacancy savings in fiscal 1990 and the fiscal 1991 pay plan increase that continues in the 1993 biennium.

Operating expenses increase due to: 1) an increase of \$512,000 in fiscal 1992 and \$854,000 in fiscal 1993 of the allocation by the Equipment Bureau (proprietary fund) for equipment rental; 2) an increase of \$265,000 per year for county weed control reimbursement; 3) a budget modification for monitoring fuel tanks discussed in the agency narrative; and 4) inflationary adjustments of \$1,428,000 in fiscal 1992 and \$938,000 in fiscal 1993.

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## MAINTENANCE PROGRAM

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Equipment includes \$154,282 for communications equipment, \$22,369 for office equipment replacement, \$188,227 for shop and industrial equipment, \$5,200 for computers, and \$4,350 for photographic and other miscellaneous equipment.

Capital outlay includes \$180,000 per year for purchases of land for gravel production and storage sites, and \$38,400 per year for tank and building improvements.

### Funding

The Maintenance program is funded entirely by highways special revenue funds.

## STATE MOTOR POOL

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	5.00	5.00		5.00	5.00	5.00		5.00
Personal Services	134,112	134,112	11,098	145,210	134,147	134,147	15,753	149,900
Operating Expenses	251,979	251,979	0	251,979	241,929	241,929	0	241,929
Equipment	362,250	362,250	0	362,250	218,000	218,000	0	218,000
Total Costs	\$748,341	\$748,341	\$11,098	\$759,439	\$594,076	\$594,076	\$15,753	\$609,829
Fund Sources								
Proprietary Fund	748,341	748,341	11,098	759,439	594,076	594,076	15,753	609,829
Total Funds	\$748,341	\$748,341	\$11,098	\$759,439	\$594,076	\$594,076	\$15,753	\$609,829

## Program Description

The State Motor Pool operates and maintains a fleet of vehicles available to all state offices and employees in the Helena area to conduct official state business.

## Budget as Approved by the Regular 1991 Legislative Session

The decrease in the equipment budget is the major reason for the decrease in the State Motor Pool budget. The equipment budget for the 1993 biennium allows the purchase of 31 vehicles in fiscal 1992 and 18 in fiscal 1993. In the 1991 biennium, the Motor Pool program had an equipment budget that allowed for the purchase of 129 vehicles, which was 72 percent of their vehicle fleet. This included the purchase of new vehicles to increase the fleet size from 158 to the present 180 vehicles.

Personal services increase due to the fiscal 1991 pay plan increase that continues in the 1993 biennium and position upgrades.

Operating expenses increase 4.0 percent due to minor increases in fixed cost allocations, increases in shop supplies of \$4,600 per year, and inflationary adjustments (primarily for gasoline) of \$25,412 in fiscal 1992 and \$15,582 in fiscal 1993.

## Funding

Funding is from the motor pool proprietary account, which receives revenues from vehicle rentals.

## EQUIPMENT PROGRAM

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	121.00	121.00		121.00	121.00	121.00		121.00
Personal Services	3,711,995	3,711,995	285,442	3,997,437	3,718,206	3,718,206	391,456	4,109,662
Operating Expenses	4,772,623	4,772,623	0	4,772,623	4,625,845	4,625,845	0	4,625,845
Equipment	4,905,659	4,905,659	0	4,905,659	4,905,659	4,905,659	0	4,905,659
Total Costs	\$13,390,277	\$13,390,277	\$285,442	\$13,675,719	\$13,249,710	\$13,249,710	\$391,456	\$13,641,166
Fund Sources								
Proprietary Fund	13,390,277	13,390,277	285,442	13,675,719	13,249,710	13,249,710	391,456	13,641,166
Total Funds	\$13,390,277	\$13,390,277	\$285,442	\$13,675,719	\$13,249,710	\$13,249,710	\$391,456	\$13,641,166

## Program Description

The Equipment program is responsible for the purchase, distribution, and maintenance of all highway equipment and vehicles necessary to meet the department's construction, maintenance, and Gross Vehicle Weight enforcement needs. The equipment, which operates under a proprietary fund, is rented to the other programs within the Department of Highways.

## Budget as Approved by the Regular 1991 Legislative Session

Personal services increase due to vacancy savings in fiscal 1990 and the fiscal 1991 pay plan increase which continues in the 1993 biennium.

Operating expenses increase due to inflationary adjustments, primarily in fuel costs, which add \$588,000 for the biennium.

Equipment allows for on-going replacement of the department's equipment fleet.

## Funding

The Equipment program is funded from the highway equipment proprietary account, which receives revenues from rental of highway equipment to other department programs. The primary users are the Construction and Maintenance programs.

## EQUIPMENT PROGRAM

5401 10 00000

## MOTOR FUELS PROGRAM

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	22.00	23.00		23.00	22.00	23.00		23.00
Personal Services	486,084	509,189	0	509,189	485,808	508,864	0	508,864
Operating Expenses	134,035	134,035	0	134,035	131,479	131,479	0	131,479
Total Costs	\$620,119	\$643,224	\$0	\$643,224	\$617,287	\$640,343	\$0	\$640,343
Fund Sources								
State Revenue Fund	620,119	643,224	0	643,224	617,287	640,343	0	640,343
Total Funds	\$620,119	\$643,224	\$0	\$643,224	\$617,287	\$640,343	\$0	\$640,343

## Program Description

The Motor Fuels Division enforces compliance with motor fuel tax law and administers license taxes on gasoline and diesel fuel. It manages refund provisions of the tax laws; supervises the bonding requirements of distributors, dealers, and users to insure the proper collection of the license taxes; and issues permits and licenses to distributors, dealers, and users. The division directly collects motor fuel taxes, enforces bonding requirements, and pays refunds.

In the 1991 biennium, the Motor Fuels Division was in the Department of Revenue. As discussed in the agency narrative, the 1991 legislature passed Senate Bill 164, which merged this program into the Department of Transportation beginning July 1, 1991.

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## MOTOR FUELS PROGRAM

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### Budget as Approved by the Regular 1991 Legislative Session

FTE in this program decline a net 1.0 from fiscal 1990. One FTE, vacant throughout fiscal 1990, was removed by the legislature. The second FTE was transferred to the Department of Transportation to oversee the implementation of the DOT (Senate Bill 164) in the 1993 biennium. The Department of Revenue testified that neither position was needed, as the state has become a member of the International Fuel Tax Agreement (IFTA). IFTA member states calculate and remit all motor fuel taxes due another member state from motor carrier tax returns filed in their respective home state. Two 0.5 FTE support positions were transferred into this division from other divisions in the Department of Revenue prior to the merger of the division into the Department of Transportation (this added 1.0 FTE shows in the main table above under the column for special session action, but was actually a part of the merger in July 1991).

Personal services increase 5.1 percent due to: 1) vacancy savings in fiscal 1990 (2.0 FTE were vacant throughout fiscal 1990); and 2) continuation of the fiscal 1991 pay plan in the 1993 biennium.

The operating budget decreases 4.5 percent due to: 1) a reduction from the fiscal 1990 base of about \$2,500 in mainframe computer processing costs as the division has installed a new computer system that is more efficient than the previous system; and 2) reductions in the cost of mainframe computer processing of about \$8,300 in fiscal 1992 and \$12,000 in fiscal 1993. These cost decreases offset other fixed cost and inflationary adjustments.

### Funding

The Motor Fuels Tax Division is funded from the highways state special revenue account.

## INTERFUND TRANSFERS PROGRAM

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	.00	.00		.00	.00	.00		.00
Transfers	14,208,404	14,208,404	0	14,208,404	17,149,771	17,149,771	0	17,149,771
Total Costs	\$14,208,404	\$14,208,404	\$0	\$14,208,404	\$17,149,771	\$17,149,771	\$0	\$17,149,771
<u>Fund Sources</u>								
State Revenue Fund	14,208,404	14,208,404	0	14,208,404	17,149,771	17,149,771	0	17,149,771
Total Funds	\$14,208,404	\$14,208,404	\$0	\$14,208,404	\$17,149,771	\$17,149,771	\$0	\$17,149,771

### Program Description

The Interfund Transfers program provides appropriation authority for the transfer of funds between accounting entities and distribution to the sinking fund for the retirement of bonds.

### Budget as Approved by the Regular 1991 Legislative Session

The Interfund Transfers budget includes authority to transfer \$31,358,175 during the 1993 biennium from the highways state special revenue account to the RTF account for 100 percent state funded construction projects. The transfer budget represents the amount required in the RTF account to fund the remaining cost of RTF projects after expenditure of coal severance tax revenues that are deposited directly in the account. The decrease in program transfer authority reflects an anticipated decrease in RTF projects in the 1993 biennium.

Debt service transfers from this program on highway construction and building bond issues will be \$10,655,333 in fiscal 1992 and \$18,476,333 in fiscal 1993. These payments are not included in current level because they are statutorily appropriated in Section 17-7-502(4), MCA.

### Funding

The fund transfers in this program are entirely from the highways special revenue account.



## STORES INVENTORY

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	.00	.00		.00	.00	.00		.00
Operating Expenses	15,460,726	15,460,726	0	15,460,726	14,901,886	14,901,886	0	14,901,886
Total Costs	\$15,460,726	\$15,460,726	\$0	\$15,460,726	\$14,901,886	\$14,901,886	\$0	\$14,901,886
Fund Sources								
State Revenue Fund	15,460,726	15,460,726	0	15,460,726	14,901,886	14,901,886	0	14,901,886
Total Funds	\$15,460,726	\$15,460,726	\$0	\$15,460,726	\$14,901,886	\$14,901,886	\$0	\$14,901,886

### Program Description

The Stores Inventory program purchases and distributes commodities (such as office and construction supplies) and bulk items (such as sand, road oil, and gasoline) used by other highway department programs. Stores operations are maintained in Helena and in each of the field districts. The Helena stores' facility services the department headquarters and shop facility and also acts as the central receiving and distribution center for all quantity stores commodities.

### Budget as Approved by the Regular 1991 Legislative Session

The Stores Inventory budget increases due to: 1) direct purchase of gasoline by the Montana Highway Patrol from the Department of Highways Stores Inventory (\$230,000 per year -- the Highway Patrol previously had gas inventories of its own); 2) an increased allocation by the Equipment Bureau for equipment rental (\$127,000 in fiscal 1992 and \$156,000 in fiscal 1993); 3) an increase for the purchase of sand (\$996,800 per year); and 4) inflationary adjustments of \$1,630,000 in fiscal 1992 and \$1,045,000 in fiscal 1993. The increase for sand procurement is due to a shift in department policy toward more purchase of sand than in-house sand production, necessitated by reduced sand sources and more stringent environmental provisions regarding dust emission. Inflationary increases are almost entirely attributable to gasoline and oil based product procurement. These increases are partially offset by miscellaneous reductions of \$139,900 per year for other commodities and services. The total amount budgeted for this program reflects the supply needs included in the budgets for user programs.

### Funding

The program is funded from the highways special revenue account and receives reimbursement from other department programs which procure these commodities. the accounting procedure used for Stores Inventory results in a double appropriation for the agency.

## GROSS VEHICLE WEIGHT

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	111.03	111.03		111.03	111.03	111.03		111.03
Personal Services	2,918,462	2,918,462	273,816	3,192,278	2,920,947	2,920,947	399,599	3,320,546
Operating Expenses	666,747	666,747	0	666,747	669,779	669,779	0	669,779
Equipment	228,820	228,820	0	228,820	41,700	41,700	0	41,700
Capital Outlay	0	0	0	0	98,500	98,500	0	98,500
Total Costs	\$3,814,029	\$3,814,029	\$273,816	\$4,087,845	\$3,730,926	\$3,730,926	\$399,599	\$4,130,525
Fund Sources								
State Revenue Fund	3,814,029	3,814,029	273,816	4,087,845	3,730,926	3,730,926	399,599	4,130,525
Total Funds	\$3,814,029	\$3,814,029	\$273,816	\$4,087,845	\$3,730,926	\$3,730,926	\$399,599	\$4,130,525

### Program Description

The Gross Vehicle Weight (GW) Division is responsible for enforcement of the statutes and regulations relating to vehicle weight, size, licensing, fuel, and safety on the state's highways (Title 61, MCA). It also issues permits and operating authority for commercial vehicles and collects gross vehicle weight fees. The Fiscal Bureau registers interstate fleet vehicles, issues GW fee licenses, issues oversize and overweight permits, and collects fees and taxes. The Compliance Bureau operates weigh stations across the state and assigns enforcement officers to inspect vehicles for compliance with registration, fuel, size, and weight laws.

### Budget as Approved by the Regular 1991 Legislative Session

The current level budget increases as a result of an increase in personal services and the budget modifications for automated weigh stations and G.V.W. officer training, discussed in the agency narrative.

Personal services increase due to vacancy savings in fiscal 1990 and the fiscal 1991 pay plan that continues in the 1993 biennium.

Annual operating expenses are higher than the fiscal 1990 expenditure level due to increases in vehicle rent, uniforms costs, travel, inflation adjustments, and the two budget modifications.

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## GROSS VEHICLE WEIGHT

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The equipment budget includes \$5,000 for a personal computer, \$53,000 for eight portable scales and scale readout instruments, and \$212,520 in Budget Modification #7 (see agency narrative) for computer and photographic equipment to automate weigh stations.

Capital Outlay includes \$98,500 in fiscal 1993 for retrofit of the Billings Interstate Eastbound Weigh Station. This is the final weigh station scheduled to be retrofit.

### Funding

Funding from the program comes entirely from the highways special revenue account. The GVW program generates revenues of \$25 million per year for this account from gross vehicle weight fees, licenses, and fines and permits.

## AERONAUTICS PROGRAM

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	10.99	10.99		10.99	10.99	10.99		10.99
Personal Services	342,395	342,395		365,014	343,487	343,487	36,314	379,801
Operating Expenses	371,314	371,314	22,619	371,314	356,149	356,149	0	356,149
Equipment	22,000	22,000	0	22,000	18,000	18,000	0	18,000
Grants	10,000	10,000	0	10,000	10,000	10,000	0	10,000
Transfers	10,000	10,000	0	10,000	10,000	10,000	0	10,000
Total Costs	\$755,709	\$755,709	\$22,619	\$778,328	\$737,636	\$737,636	\$36,314	\$773,950
<u>Fund Sources</u>								
State Revenue Fund	601,253	601,253	19,670	620,923	600,391	600,391	31,533	631,924
Federal Revenue Fund	73,599	73,599	0	73,599	73,592	73,592	0	73,592
Proprietary Fund	80,857	80,857	2,949	83,806	63,653	63,653	4,781	68,434
Total Funds	\$755,709	\$755,709	\$22,619	\$778,328	\$737,636	\$737,636	\$36,314	\$773,950

### Program Description

The Aeronautics program is responsible for providing protection and safety in aeronautics. The program consists of five general areas: 1) **Aeronautics Board**, attached to the department for administrative purposes, advises on matters pertaining to aeronautics; 2) **Division Administration** is responsible for the overall operation of the program, including the operation of the air carrier airport at West Yellowstone; 3) **Airport/Airways Bureau** provides technical assistance to communities for planning, construction, maintenance, and other airport development projects, and conducts annual airport safety inspections. It administers a grant program which provides engineering grants to airport owners planning construction and/or improvement projects; operates and maintains 13 state-owned airports; operates a program for resale of airport supplies; and maintains and up-dates the Montana Aviation System Plan; 4) **Safety and Education Bureau** organizes and maintains a statewide aerial search and rescue organization. It enforces state laws on pilot and aircraft registration. The bureau also monitors construction of towers and other obstructions to air navigation, inspects and identifies hazards, and makes marking and lighting recommendations. The **Yellowstone Airport** in West Yellowstone is one of two airports designated by Congress to serve a national park. The division administrator and Airport/Airways Bureau provide the policy, budgeting, administrative, and project coordination for the airport.

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## AERONAUTICS PROGRAM

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In the 1991 biennium, the Aeronautics Division was in the Department of Commerce. As discussed in the agency narrative, the 1991 legislature passed Senate Bill 164, which merged this program into the Department of Transportation beginning July 1, 1991.

### Language

"[Aeronautics Division] contains \$33,176 in fiscal 1992 and \$33,226 in fiscal 1993, which are not to be used for moving costs associated with the Department of Transportation."

### Budget as Approved by the Regular 1991 Legislative Session

Personal services increase 6.7 percent because of high vacancy savings experienced in fiscal 1990 and the continuation of the 1991 pay plan into the 1993 biennium. This increase is offset by 1.0 FTE transferred to the Montana Promotions Division, Department of Commerce. The legislature implemented a 4 percent across-the-board reduction in funding for personal services of \$14,266 in fiscal 1992 and \$14,312 in fiscal 1993.

Operating expenses increase 39.9 percent because: 1) \$50,000 was included in contracted services to reflect anticipated federal funds for emergency and construction needs for Montana's airports; 2) the West Yellowstone Airport Maintenance Budget Modification #9 added \$17,000 in fiscal 1992 (see discussion in the agency narrative); 3) the legislature used fiscal 1991 appropriations as the budget base, which are \$31,850 higher than fiscal 1990 expenditures; and 4) of small increases in audit costs, indirect costs, and network fees.

The equipment budget is for weather monitoring equipment requested by the program.

The grants are for engineering studies for small airports in Montana. The transfer provides the authority to transfer taxes collected by Gallatin County from a state special fund to the West Yellowstone Airport proprietary account.

### Funding

State special revenue for this program is funded by a one cent tax on aviation fuels. Federal funds are budgeted at the level of the anticipated grant which will be used for emergency and construction needs of Montana's airports. The proprietary fund supports the West Yellowstone airport, and the increase reflects the budget modification.

## RAIL &amp; TRANSIT PROGRAM

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	13.00	13.00		13.00	13.00	13.00		13.00
Personal Services	435,032	401,735	24,685	426,420	434,408	403,055	39,856	442,911
Operating Expenses	388,268	373,751	0	373,751	154,920	154,920	0	154,920
Equipment	354	354	0	354	500	500	0	500
Grants	3,004,684	3,004,684	0	3,004,684	704,684	704,684	0	704,684
Total Costs	\$3,828,338	\$3,780,524	\$24,685	\$3,805,209	\$1,294,512	\$1,263,159	\$39,856	\$1,303,015
<u>Fund Sources</u>								
General Fund	585,524	537,710	12,148	549,858	372,427	341,074	19,484	360,558
State Revenue Fund	1,862,102	1,862,102	0	1,862,102	71,250	71,250	0	71,250
Federal Revenue Fund	1,380,712	1,380,712	12,537	1,393,249	850,835	850,835	20,372	871,207
Total Funds	\$3,828,338	\$3,780,524	\$24,685	\$3,805,209	\$1,294,512	\$1,263,159	\$39,856	\$1,303,015

## Program Description

The Rail and Transit Division provides: 1) technical assistance to local communities and transit authorities for planning, organizing, operating, and funding transportation systems; 2) administration of federal funds for capital, planning, and operating transit subsidies; 3) a yearly update of the State Rail Plan, and administration of federal and other funds for rail and related facility rehabilitation; 4) monetary assistance to communities through grants, loans, and rail bonding authority; and 5) representation of shippers and the state before the Interstate Commerce Commission and courts on rate issues, branchline abandonments, and service.

In the 1991 biennium, the Rail and Transit Division was in the Department of Commerce, entitled the Transportation Division. As discussed in the agency narrative, the 1991 legislature passed Senate Bill 164, which merged this program into the Department of Transportation under its new name beginning July 1, 1991.

## Special Session Action

As discussed under "Special Session Action" in the agency narrative, the January 1992 special session reduced the biennial appropriation for McCarty Farms litigation costs by 8 percent (from \$180,000 to \$165,483), and also reduced the operating budget of the Rail and Transit Division by 8 percent (\$33,297 in fiscal 1992 and \$31,353 in fiscal 1993). The reduction will be taken as vacancy savings. The agency moved 1.0 FTE to another program and funding source to absorb this reduction.

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## RAIL & TRANSIT PROGRAM

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### Language

"[The Transportation Division] contains \$31,081 general fund and \$20,721 federal funds in fiscal 1992 for moving costs associated with the Department of Transportation."

"[McCarty Fams] is for litigation costs associated with the McCarty Fams case. The department shall seek to recover all general fund expenditures plus interest at a rate of 10% from any settlement in this case."

### Budget as Approved by the Regular 1991 Legislative Session

The large increase (93.9 percent from fiscal 1990 to fiscal 1992) is due in part to the two biennial appropriations (Local Rail Service Assistance Grant and McCarty Fams) included in fiscal 1992.

Personal services increase 7.4 percent even though 1.5 FTE were eliminated at a cost reduction of \$56,900 per year. The increase is due to a high vacancy savings (approximately \$89,000) in fiscal 1990 and the continuation of the fiscal 1991 pay plan in the 1993 biennium. The legislature implemented a 4 percent across-the-board reduction in funding for personal services of \$18,126 in fiscal 1992 and \$18,100 in fiscal 1993.

Operating expenses increase 57.2 percent, due primarily to the McCarty Fams biennial appropriation of \$180,000, which is included in fiscal 1992, while only \$61,403 was spent for this purpose in fiscal 1990. Other increases include \$3,500 in education costs, indirect costs of \$6,000, and increased audit and network fees. The legislature also used fiscal 1991 appropriations as the budget base, which are approximately \$10,000 higher than fiscal 1990 expenditures. The decrease between fiscal 1992 and fiscal 1993 is due to the biennial appropriation for the McCarty Fams case, audit costs, \$11,138 rent reduction, and a \$40,748 reduction in indirect costs.

The increase in the grants is due primarily to the Rail Construction Loan funds in fiscal 1992 only and the Local Service Rail Grant Budget Modification #10 (see discussion in the agency narrative). Urban Mass Transit Administration grants of approximately \$630,000 are passed through funds for transit system projects such as planning or purchasing vehicles for the elderly and handicapped. The budget modification is a \$500,000 biennial grant appropriation for funds received from the Federal Railroad Administration (FRA) to be used for various railroad construction and rehabilitation projects. An appropriation of \$71,250 per year from the Department of Transportation's gas tax fund is passed through to cities or counties to fund public transportation systems. Grants of \$1.8 million (a biennial appropriation) are funded with state special revenue to finance rehabilitation of the Central Montana Railroad or other rail rehabilitation projects. These funds were received from the FRA and were originally loaned by the department to Burlington Northern for rail system improvements. The loans have been repaid and the department, with approval of FRA, may expend the funds for rail rehabilitation projects.

### Funding

This program receives 15.3 percent of its funding from the general fund in fiscal 1992 and 28.8 percent in fiscal 1993. State special revenue funds come from Rail Construction Loan repayments and \$71,250 of highways special revenue each fiscal year. The federal funds are from urban mass transit funds.

## DEPARTMENT OF REVENUE

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	670.41	670.09		670.09	670.08	673.08		673.08
Personal Services	15,987,630	15,791,846		16,948,669	15,975,040	15,782,117	1,843,958	17,626,075
Operating Expenses	4,390,983	4,408,663	1,156,823	4,408,663	4,379,286	4,414,542	0	4,414,542
Equipment	224,441	260,761	0	260,761	141,908	141,908	0	141,908
Local Assistance	15,000	15,000	0	15,000	15,000	15,000	0	15,000
Debt Service	268,572	268,572	0	268,572	268,572	268,572	0	268,572
Total Costs	\$20,886,626	\$20,744,842	\$1,156,823	\$21,901,665	\$20,779,806	\$20,622,139	\$1,843,958	\$22,466,097
<u>Fund Sources</u>								
General Fund	18,835,880	18,707,201	1,049,459	19,756,660	18,834,416	18,699,805	1,675,117	20,374,922
State Revenue Fund	535,266	522,161	28,602	550,763	518,329	495,273	45,330	540,603
Federal Revenue Fund	297,789	297,789	13,205	310,994	297,581	297,581	21,251	318,832
Proprietary Fund	1,217,691	1,217,691	65,557	1,283,248	1,129,480	1,129,480	102,260	1,231,740
Total Funds	\$20,886,626	\$20,744,842	\$1,156,823	\$21,901,665	\$20,779,806	\$20,622,139	\$1,843,958	\$22,466,097

### Agency Description

The Department of Revenue (DOR), authorized by Section 2-15-1301, MCA, collects revenue from and enforces regulations governing approximately 31 state taxes and fees. The department is also responsible for regulating the sale and distribution of alcoholic beverages in the state. The department is organized into seven divisions with overall agency direction and management coordinated from the Director's Office. The Motor Fuels Tax Division was moved to the new Department of Transportation.



## DEPARTMENT OF REVENUE

## Special Session Action

		Executive Budget Proposal			Legislative Budget Action		
		=====			=====		
Description	Pgm	Fiscal 1992	Fiscal 1993	Fiscal 1993	Fiscal 1992	Fiscal 1993	Fiscal 1993
		General Fund	General Fund	Other Funds	General Fund	General Fund	Other Funds
House Bill 2							
1 Director's Office Reduction	01	(\$76,100)	(\$73,900)			(\$73,900)	
2 Centralized Services Division Reduction	02	(72,000)	(75,000)			(75,000)	
3 Data Processing Division	03	(90,000)	(90,000)	\$10,000		(90,000)	
4 Income Tax Division	06	(32,200)	(136,595)			(136,595)	
5 Revenue Enhancement	06					126,761	
6 Corporation and Natural Resources Tax Division	07	<u>101,954</u>	<u>114,123</u>		<u>101,954</u>	<u>114,123</u>	
Sub-Totals		(168,346)	(261,372)	10,000	(128,679)	(134,611)	
Other							
7 Liquor Enterprise Transfer (HJR1)	NA	(1,000,000)			(1,000,000)		
8 Revenue Enhancement (HJR 1)	NA					(1,000,000)	
Income and Miscellaneous Tax							
9 Revenue Estimate Increase	NA	(560,000)	(957,547)		(560,000)	(957,547)	
Income and Miscellaneous Tax Division (HJR1)							
10 Revenue Estimate Increase	NA	(1,916,250)	(3,083,750)		(1,916,250)	(5,083,750)	
Corporation and Natural Resources Tax Division (HJR1)							
11 HB14 Quarterly Payment of Estimated Taxes	NA					<u>77,971</u>	
Sub-Totals		(3,476,250)	(4,041,297)		(3,476,250)	(6,963,326)	
Grand Totals		(\$3,644,596)	(\$4,302,669)	\$10,000	(\$3,604,929)	\$10,000	(\$7,097,937)

## DEPARTMENT OF REVENUE

1) Director's Office Reduction - The general fund appropriation for the Director's Office was reduced \$150,000 over the biennium. However, part of that reduction has been offset by a fiscal 1992 transfer of \$35,000 liquor proprietary authority from the Liquor Licensing Bureau to the Director's Office. Department staff testified that the following specific actions will be taken as a result of the reduction: 1) elimination of an annual \$35,000 contract with the Department of Justice for hearings examiner services for the Liquor Division; 2) holding vacant a personnel technician position for savings of \$23,000 each year; and 3) reduction in printing of \$8,500 annually by eliminating publication of the Taxpayer's Digest, the Taxpayer's Bill of Rights pamphlet, and reducing the number of copies of the department biennial report and tax expenditure report. Other general fund savings include holding positions vacant, vehicle maintenance reductions, and eliminating hiring a summer intern. Department staff indicate that the transfer of liquor funds will not offset any of the planned reductions. All of the reduction is shown as personal services reductions, even though operating cut backs are planned.

2) Centralized Services Division Personal Services Reduction - The general fund appropriation of the Centralized Services Division was reduced by \$147,000 over the biennium. In order to absorb the reduction the division will maintain a reduced staff level in the Accounting Bureau. One FTE will continue to work part time and a 0.5 grade 6 FTE will remain unfilled. The division anticipates about \$10,100 in additional vacancy savings due to staff turnover. These reductions will increase total vacancy savings for this division to 13.7 percent in fiscal 1992 and 14 percent in fiscal 1993 of the personal services appropriations in House Bills 2 and 509 (pay plan). Division FTE are reduced by 1.0 FTE which was transferred to the Corporation and Natural Resources Division in order to implement the revenue enhancement proposal (see items 5 and 8).

3) Data Processing Division - The special session reduced the Data Processing Division general fund appropriation by \$180,000 over the biennium. The decrease is partially offset by a \$10,000 increase in state special revenue in fiscal 1992 for payment of computer services performed for the Department of Transportation during the transfer of the Motor Fuels Tax Division. The division will not hire temporary data entry FTE during peak work periods (the equivalent of 4.5 FTE in fiscal 1992 and 5.0 in fiscal 1993) in order to absorb the reduction. These reductions will increase total vacancy savings for this division to 11 percent in fiscal 1992 and 12 percent in fiscal 1993 of the personal services appropriations in House Bills 2 and 509 (pay plan). The legislature transferred 1.0 FTE to the Corporation and Natural Resources Division in order to implement the revenue enhancement proposal (see items 6 and 8).

4) Income Tax Division - The general fund appropriation for the Income Tax Division was reduced by \$168,795 over the biennium. The division will absorb the reduction in fiscal 1992 through various efficiencies including lower mainframe computer costs due to the 24 percent rate reduction instituted by the Department of Administration at the beginning of fiscal 1992. This rate decrease is higher than the reduction anticipated and included in agency budgets by the 1991 legislature.

In fiscal 1993, the division plans to: 1) eliminate a grade 13 FTE that conducts taxpayer assistance and training clinics (ABC classes) for \$28,750; 2) reduce travel by \$37,445; 3) eliminate the toll fee taxpayer assistance telephone line for \$10,000; 4) eliminate printing of return envelopes for tax payment for \$3,400; 5) forego purchase of two replacement vehicles for \$12,000; and 6) reduce vehicle operating costs by \$4,000. In addition to these specific reductions, the division expects to save \$41,000 in mainframe computer processing costs due to continuation of the fiscal 1991 rate reduction.

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- 5) Corporation and Natural Resource Tax Division - The special session increased general fund \$216,077 over the biennium in the Corporation and Natural Resources Tax Division. The additional general fund will support a more intensive audit schedule to generate additional one-time revenue (see item 8). Two FTE were transferred to the division from other programs and 2.0 vacant audit FTE have been filled. (The FTE transferred to the division replace 2.0 division audit FTE removed by the department in its budget request that was adopted by the 1991 legislature.)
  - 6) Revenue Enhancement - The special session added 4.0 FTE and general fund authority to the Income Tax Division to generate an additional \$1,000,000 in revenue. (See Budget Modification section in agency narrative for a more complete description.)
  - 7) Liquor Enterprise Transfer (HJR1) - The special session accepted the Executive proposal to transfer \$1 million in liquor enterprise funds to the general fund. The department transferred \$7.75 million in liquor funds to the general fund in fiscal 1991--\$4 million in profits and \$3.75 million due to liquor bailment (wholesalers own the liquor inventory in the state warehouse until the inventory is shipped to a state liquor store). The one-time savings of \$3.75 million resulted from the change in state ownership of the warehouse inventory to wholesaler ownership.
  - 8) Revenue Enhancement (HJR1) Income Tax Division - The special session added 4.0 FTE to the Income Tax Division and increased the revenue estimate \$1.0 million in fiscal 1993. The department testified that the additional FTE will be able to generate additional funds by increasing accounts receivable collections.
  - 9) Revenue Estimate Increase--Income and Miscellaneous Tax Division (HJR1) - The legislature adopted the revenue estimate for an additional \$1.5 million additional general fund revenue over the biennium. The Income Tax Division will: 1) change cross match files in order to identify nonfilers and potential audit candidates; 2) have field agents serve banks with tax liens rather than mailing such liens; and 3) concentrate audit efforts on general fund revenue sources (such as income, withholding, telephone company license, and freight line taxes) and divert audit time from other taxes.
  - 10) Revenue Estimate Increase--Corporation and Natural Resource Tax Division (HJR1) - In the Executive Budget, Corporation and Natural Resource Tax Division planned to increase audit activity in order to generate about \$5 million in additional general fund biennial revenue. During testimony on HJR1, the department director said that the effort will generate an \$7 million in audit collections during the 1993 biennium (\$2 million more than anticipated by the original Executive Budget). This revised estimate was included in HJR1. The revenue is a one-time infusion as these are audits that would have been done in the 1995 biennium.
  - 11) HB14 Quarterly Payment of Estimated Income Taxes - The special session passed House Bill 14 requiring payment of estimated quarterly income taxes beginning with tax year 1992. The bill appropriated \$77,971 in fiscal 1993 to implement the bill. The department will hire 4.5 FTE in late fiscal 1993 to implement and administer the act.
- The special session appropriation report reflects implementation of the Department of Transportation (DOT) due to passage and approval of Senate Bill 164 by the 1991 legislature. As a result of that legislation, 23.0 FTE (the Motor Fuels Tax Division and 1.0 administrative FTE), and accompanying gas tax authority (\$643,224 in fiscal 1992 and \$640,343 in fiscal 1993) were moved from the Department of Revenue to the new DOT. These transfers do not include pay plan authority as none was transferred in fiscal 1992 and the fiscal 1993 allocation has not been calculated.

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## DEPARTMENT OF REVENUE

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The net change in department FTE from House Bill 2 prior to and after the special session is a decrease of 0.32 FTE in fiscal 1992 and an increase of 3.0 FTE in fiscal 1993. That net change is comprised of an increase of 0.68 FTE in fiscal 1992 and 4.0 FTE in fiscal 1993 to implement the revenue enhancement budget modification, and a decrease of 1.0 administrative FTE as part of the new DOT. The Motor Tax Fuels Division (22.0 FTE) was transferred to the DOT and is not included in the House Bill 2 column in the above table either fiscal year.

### Budget as Approved by the Regular 1991 Legislative Session

The legislature implemented a 0.5 percent reduction in the total agency general fund budget for each year of the biennium. Since agencies will be allowed to allocate this budget reduction among programs, it is reflected in the agency but is not reflected in the program tables and narratives.

FTE increase a net of 8.33 positions between fiscal 1990 and 1992. Reorganizations authorized by the 1989 legislature moved 8.5 FTE from the department to: 1) the Department of Justice for video poker investigations (7.0 FTE); and 2) the State Auditor's Office for bad debt collections (1.5). One FTE was transferred from the Motor Fuels Tax Division to the Department of Highways to implement reorganization for the Department of Transportation (Senate Bill 164) in the 1993 biennium. The legislature removed 5.5 FTE that had been vacant throughout fiscal 1990. The legislature added 14.33 new FTE and appropriation authority for 9.0 current level FTE previously provided through a language appropriation by: 1) approving four budget modifications which increased FTE 11.33 in fiscal 1990 and 11.0 in fiscal 1993; 2) approving the Executive request for 3.0 current level FTE to administer the employer's (worker's compensation) payroll tax; and 3) appropriating Liquor Licensing Bureau current level FTE in House Bill 2 rather than through language as has been done in previous biennia, which adds 9.0 FTE each year.

Personal services increase 10.7 percent due to: 1) approval of four budget modifications which add \$240,878 in fiscal 1992 and \$234,717 in fiscal 1993; 2) adoption of the Executive request adding 3.0 current level FTE to administer the employer's payroll tax; 3) vacancy savings in fiscal 1990; and 4) continuation of the fiscal 1991 pay plan in the 1993 biennium. The legislature imposed 4 percent vacancy savings on personal services costs for all programs except the Elected and Deputy Assessors program.

The operating budget increases 15.9 percent due to the following major changes: 1) budget modifications, which add \$373,997 in fiscal 1992 and \$516,395 in fiscal 1993; 2) network service fee increases of about \$158,000 annually; 3) an increase in current level operating costs of about \$91,000 each year to support the administration of the employer's payroll tax; 4) the legislative audit in fiscal 1992 of \$123,115 compared to actual expenditures of \$60,047 in fiscal 1990 and a 1991 biennium appropriation of \$107,919; and 5) other fixed cost and inflationary adjustments, including postage which adds about \$89,000 each year, paper which adds about \$11,000 each year, and gasoline which adds \$11,200 in fiscal 1992 and \$6,700 in fiscal 1993. Some operating increases are offset by reductions in mainframe computer processing costs of about \$148,000 in fiscal 1992 and \$179,000 in fiscal 1993. Other changes to operating costs which account for the balance of the difference between fiscal 1990 and 1992 are discussed in the following program narratives.

Current level equipment includes: 1) five replacement vehicles each year; 2) 18 personal computers in fiscal 1992 and 17 in fiscal 1993; and 3) other miscellaneous office equipment. Equipment added by budget modification includes \$108,013 in fiscal 1992 and \$27,614

## DEPARTMENT OF REVENUE

in fiscal 1993 to purchase: 1) eight personal computers each year; 2) equipment for new FTE including personal computers, desks, chairs, and other office equipment as needed; and 3) three replacement vehicles in fiscal 1992.

Local assistance reflects the amount of federal pass-through funds available for local governments to fund welfare fraud investigations.

Debt service includes payments for the mid-range computer purchased for the computer-assisted mass appraisal system (CMAS) and other CMAS equipment. Approval of a budget modification adds \$112,689 in debt service each year of the biennium to fund an upgrade to the mid-range computer and six high-speed printers for local appraisal offices. Debt service for the upgrade and printers is expected to continue through fiscal 1996.

### Summary of Budget Modifications

	PGM	FTE	FY 1992--		FY 1993--	
			General Fund	Other Funds	General Fund	Other Funds
1 Worker's Comp Payroll Tax	03	2.33				
2 Worker's Comp Payroll Tax	06	3.00		\$ 39,887		\$ 34,165
3 Accounts Receivable	06	3.00		91,992		75,074
4 Equipment Replacement	06		\$ 91,931		\$ 78,141	
5 Computer Processing Costs	06		66,389		27,614	
6 Revenue Enhancement	06	.68	98,384		72,417	
7 Revenue Collection	06	3.00	39,667		126,761	
8 Cyclical Reappraisal Costs	08		91,713		78,723	
9 CMAS Costs	08		22,000		249,000	
			333,281		276,281	
Totals		12.01	\$743,365	\$131,879	\$908,937	\$109,239

1) Worker's Compensation Payroll Tax - Responsibility for administration and collection of the employer's payroll tax was transferred from the Department of Labor and Industry to DOR effective July 1, 1991. This budget modification adds 2.33 FTE in fiscal 1992 and 2.0 FTE in fiscal 1993 to the Data Processing Division, and \$74,052 in state special revenue over the biennium, to support data processing tasks.

2) Worker's Compensation Payroll Tax - The administration and collection of the worker's compensation employer's payroll tax was transferred from the Department of Labor and Industry to DOR effective July 1, 1991. This budget modification adds 3.0 FTE to the Income and Miscellaneous Tax Division (Income Tax Division) and \$91,992 state special revenue in fiscal 1992 and \$75,074 in fiscal 1993. The modification includes \$16,772 in computer and office equipment for the new FTE in fiscal 1992 only.

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## DEPARTMENT OF REVENUE

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- 3) Accounts Receivable - The Income Tax Division received 3.0 FTE and \$91,931 in general fund in fiscal 1992 and \$78,141 in fiscal 1993 to enhance collection efforts in income and business taxes owed to the state. As of September 1990, outstanding accounts receivable for income tax totalled about \$20.5 million. The department will hire two phone collectors and a legal collector to increase tax collections and reduce the amount owed to the state. The request also includes \$11,562 in fiscal 1992 for purchase of equipment.
- 4) Equipment Replacement - This budget modification includes \$66,389 in general fund in fiscal 1992 and \$27,614 in fiscal 1993 to replace aging equipment, including eight computer terminals, and one high-speed printer each year, and three vehicles in fiscal 1992. Equipment replacement is funded in the Income Tax Division.
- 5) Mainframe Computer Processing - This budget modification adds \$98,384 in fiscal 1992 and \$72,417 in fiscal 1993 for computer processing in the Income Tax Division. The modification was not included in the published Executive Budget, but was submitted as part of the agency request to the legislature.
- 6) Revenue Enhancement - The January 1992 special session of the legislature added 4.0 FTE to the Income Tax Division to enhance revenue collections by \$1.0 million in fiscal 1993. The FTE are one grade 12 compliance specialist and the following grade 10 positions--a business tax specialist, a phone collector, and an office position. The modification also contains \$18,320 for equipment in the fiscal 1992.
- 7) Revenue Collection - This budget modification funds 3.0 FTE in the Income Tax Division each year of the biennium to enhance revenue collection by performing selective audits and cross matching federal and state income tax files to identify persons who do not file state income taxes and other returns that will be forwarded to the accounts receivable collectors. Equipment purchases are budgeted the first year of the biennium. The modification adds \$91,713 in fiscal 1992 and \$78,723 in fiscal 1993.
- 8) Cyclical Reappraisal Costs - This budget modification adds \$271,000 general fund to the Property Appraisal Division to complete the current reappraisal cycle by December 31, 1992. Most of these funds (\$249,000) would be spent in fiscal 1993. This modification includes \$108,000 for mailing of assessment notices, \$109,000 to print assessment forms, and \$32,000 for more staff travel. In fiscal 1992, \$22,000 is allocated to gasoline purchases.
- 9) CAMAS - This budget modification includes \$333,281 general fund in fiscal 1992 and \$276,281 in fiscal 1993 to contract for system support, increase network fees and add maintenance contracts. The second year of the biennium is lower as the Office of Budget and Program Planning has directed the department to develop in-house support for CAMAS and the amount of the annual system support contract is reduced accordingly effective January 1, 1993. The department testified during the 1989 legislature that CAMAS could be developed and supported within current level budgets. However, due to consultant delays, institution of the new network fee proposal, and an inadequately sized mid-range computer, costs are greater than anticipated.

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## DEPARTMENT OF REVENUE

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### Funding

General fund supports all or a portion of every program in the department, except the Liquor Division. General fund increases due to: 1) approval of budget modifications which add \$743,365 in fiscal 1992 and \$908,937 in fiscal 1993; and 2) personal services increases due to vacancy savings and continuation of the 1991 pay plan in the 1993 biennium (which adds at least \$1.25 million each year).

State special revenue includes highway special revenue, unclaimed property proceeds, oil and gas special revenue, and the state lands resource development account. State highway special revenue supports transfer of the Motor Fuels Tax Division to the new DOT in the Data Processing Division in fiscal 1992. Other programs supported in part by other sources of state special revenue are the Director's Office, Data Processing, Income and Miscellaneous Tax, and Natural Resource and Corporate Tax divisions. State special revenue increases \$288,405 in fiscal 1992 and \$265,786 in fiscal 1993 due to transfer of administration of the employer's payroll tax to the department and funding the activity with payroll tax proceeds. Other changes in state special revenue funding are discussed in program narratives.

Federal funds include medicaid and welfare fraud investigation funds and federal royalty audit funds. Federal funds increase from fiscal 1990 to 1992 due to budgeting the full reimbursement available for welfare fraud investigation and due to cost increases in federally funded activities in the Director's Office and the Natural Resource and Corporation Tax Division.

Proprietary liquor funds are the largest source of funding for the department. The proprietary funding in the 1991 appropriation includes only the liquor funds that support other programs in DOR and the Licensing Bureau, since the appropriation for the remainder of the Liquor Division is included in language in House Bill 2. FTE and expenditures from the language appropriation are not reflected in the department table. Liquor funds support the Director's Office, the Data Processing Division, and the Liquor Licensing Bureau. Appropriating the Licensing Bureau in House Bill 2 rather than through a language appropriation adds about \$250,000 each year. Another increase includes about \$157,000 in fiscal 1990 and \$68,250 in fiscal 1992 in the Director's Office, with the difference between fiscal years due to the biennial appropriation for the legislative audit. The amount of liquor funding appropriated to the Data Processing Division declines from fiscal 1990 due to the application of 4 percent vacancy savings. Liquor funds supporting operating expenses in all programs (except the language appropriation which funds the bulk of the Liquor Division are shown in the following table).

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### Liquor Funds Appropriated in the Department of Revenue in the 1993 Biennium Compared to Fiscal 1990 Actual Expenditures

<u>Program</u>	<u>Fiscal 1990 Actual Expenditures</u>	<u>Budgeted Fiscal 1992</u>	<u>Budgeted Fiscal 1993</u>	<u>Increase 1990 to 1992</u>
Director's Office	\$26,979	\$167,503	\$79,872	520.86%
Administration	53,159	66,010	66,041	24.17%
Legal Unit	280,323	283,990	282,803	1.31%
Investigations				
Data Processing	454,735	450,445	451,108	-0.94%
Licensing Bureau	<u>217,175</u>	<u>249,743</u>	<u>249,656</u>	15.00%
Total	\$1,032,371	\$1,217,691	\$1,129,480	17.95%

#### NOTES:

The increase in Director's Office administration from fiscal 1990 to fiscal 1992 is due to the legislative audit. Fiscal 1990 actual expenditures will not tie to the total shown in the department table in the narrative, as the language appropriation for the Liquor Division is not included and the Licensing Bureau was funded through a language appropriation in the 1991 biennium and is funded in House Bill 2 this biennium.

#### Other Legislation

<u>Bill No./Description</u>	<u>Fiscal 1992</u>		<u>Fiscal 1993</u>		<u>Total Funds</u>
	<u>FTE</u>	<u>General Fund</u>	<u>Total Funds</u>	<u>General Fund</u>	
HB340 - Revising Taxation of Private Forest Lands	0.0	\$980,838	\$980,838	\$0	\$0
HB959 - Payment of Estimated Tax When Filing Extension	3.0	108,225	108,225	78,705	78,705
HB14 - Quarterly Payment of Estimated Income Taxes	---	---	---	<u>77,971</u>	<u>77,971</u>
Totals	3.0	\$1,089,063	\$1,089,063	\$156,676	\$156,676



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## DEPARTMENT OF REVENUE

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HB340 - Revising Taxation of Private Forest Lands - This bill generally revises the taxation of private forest lands. The bill appropriates \$614,076 general fund to the department to determine the forest productivity value of forest lands. The fiscal note anticipates that the department will contract with the University of Montana for that determination. The bill appropriates \$366,762 to the department to administer the bill and the fiscal note anticipates that the department will hire 3.0 FTE in fiscal 1993. Department personnel state that FTE needed to administer the bill will rise to 9.0 in fiscal 1994. The bill does not specify that the appropriation is authorized for fiscal year 1993, but does allow the remaining balance in the appropriation to be encumbered for payment in fiscal year 1994.

HB959 - Payment of Estimated Tax When Filing Extension - This bill requires tax payers to pay up to 95 percent of estimated taxes when filing for an extension. The appropriation funds 3.0 FTE, equipment, and operating expenses.

HB14 - Quarterly Payment of Estimated Income Taxes - The January 1992 special session of the legislature appropriated \$77,971 general fund in fiscal 1993 to the department to implement provisions of House Bill 14. The bill requires taxpayers, with some exceptions, to pay estimated income taxes quarterly for tax years beginning after December 31, 1992. The department anticipates hiring 4.5 FTE to implement the bill (1.5 grade 7 FTE and 3.0 grade 6 FTE) in the latter part of fiscal 1993.

## DIRECTOR'S OFFICE

<u>Budget Item</u>		HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE		35.50	35.50		35.50	35.50	35.50		35.50
Personal Services		1,118,078	1,041,978	105,155	1,147,133	1,117,598	1,043,698	116,853	1,160,551
Operating Expenses		382,463	382,463	0	382,463	265,962	265,962	0	265,962
Equipment		13,990	13,990	0	13,990	13,990	13,990	0	13,990
Local Assistance		15,000	15,000	0	15,000	15,000	15,000	0	15,000
Total Costs		\$1,529,531	\$1,453,431	\$105,155	\$1,558,586	\$1,412,550	\$1,338,650	\$116,853	\$1,455,503
<u>Fund Sources</u>									
General Fund		841,821	765,721	76,685	842,406	815,409	741,509	71,110	812,619
State Revenue Fund		1,563	1,563	0	1,563	0	0	0	0
Federal Revenue Fund		168,644	168,644	7,428	176,072	168,425	168,425	11,960	180,385
Proprietary Fund		517,503	517,503	21,042	538,545	428,716	428,716	33,783	462,499
Total Funds		\$1,529,531	\$1,453,431	\$105,155	\$1,558,586	\$1,412,550	\$1,338,650	\$116,853	\$1,455,503

### Program Description

The Director's Office provides management control, coordination of policy direction, strategic planning, legal, and investigative services that assist the tax programs in fulfilling collection and enforcement responsibilities. The Administration program provides policy development, operations, and budget coordination for the agency and supervision of the Director's Office. The Legal unit advises program staff and handles a large number of tax appeals before the State Tax Appeal Board as well as state courts. The Investigations unit oversees liquor and welfare fraud investigations. Research and Information unit staff perform and publish detailed studies concerning the impact on state and local revenue sources caused by legislative action, executive decisions, and changes in economic patterns.

### Special Session Action

The special session reduced the Director's Office general fund by \$150,000 over the biennium. The department transferred \$35,000 of proprietary authority in fiscal 1992 from the Liquor Licensing Bureau to the Director's Office to partially offset the reduction. The agency narrative has a detailed description of the actions that the department will take to implement the cutback.

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## DIRECTOR'S OFFICE

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### Budget as Approved by the Regular 1991 Legislative Session

FTE increase a net of 21.0 positions. Two reorganizations account for most of the increase. The Investigations program (12.0 FTE) and the Research and Information Unit (6.0 FTE) were combined into the Director's Office. A series of FTE transfers in the budget request added another 5.0 FTE including: 1) 2.0 FTE transferred from the Property Assessment Division to the Legal unit; 2) 2.0 FTE transferred from the Investigations legal administration to the Legal unit; and 3) 1.0 FTE transferred from the Corporation and Natural Resource Tax program to the Research and Information section. A grade 19 FTE and grade 15 FTE vacant throughout fiscal 1990 were removed by the legislature.

Personal services increase 21.8 percent due to: 1) vacancy savings in fiscal 1990; and 2) continuation of the fiscal 1991 pay plan in the 1993 biennium.

The operating budget increases 10.3 percent and equipment is 46.8 percent lower in fiscal 1992 compared to fiscal 1990 expenditures. Operating expense increases and equipment are discussed for each of the four sections that comprise the Director's Office.

Total expenditures in the Administration section are budgeted to increase 17.4 percent from fiscal 1990 to 1992 due to the biennial cost of the legislative audit appropriation in fiscal 1990, network fees, insurance, other fixed cost and inflationary adjustments, and vacancy savings in fiscal 1990. In fiscal 1990, the agency spent \$60,047 of a \$107,919 appropriation for legislative audit costs; \$123,115 is budgeted in fiscal 1992. Network fees increase annual operating expenses by \$2,850. Insurance costs add about \$7,500 in fiscal 1992 and \$8,300 in fiscal 1993.

Total expenditures for the Legal unit increase 32.4 percent. Almost all the difference is due to increases in personal services from the FTE transfers from other programs and vacancy savings in fiscal 1990. The fiscal 1992 operating budget is slightly lower than fiscal 1990 actual expenditures due to removal of one time costs. Equipment includes replacement of one computer terminal each year which adds \$1,300 annually.

Total expenditures for the Investigations unit increase 7.1 percent. Local assistance increases to account for the full amount of federal pass-through funds available to local governments that prosecute welfare fraud cases which is \$15,000 each year compared to actual expenditures of \$3,106 in fiscal 1990. The legislature added \$5,894 in fiscal 1992 and \$5,975 in fiscal 1993 for increased program rent. Equipment includes replacement of a vehicle, a desk, and a chair each year of the biennium for \$10,990 annually.

The Research and Information unit budget increases 21.7 percent between fiscal 1990 and 1992. FTE decline by 1.0 position vacant throughout fiscal 1990 and removed by the legislature. Most of the budget increase is in personal services due to vacancy savings in fiscal 1990. Operating cost adjustments include the addition of \$3,335 for printing a biennial report in fiscal 1993. Network fees add \$1,618 each year. There is no equipment authorized for this unit. The unit and 5.0 FTE were transferred to the Director's Office from Data Processing in fiscal 1990. In addition, 1.0 FTE vacant throughout fiscal 1990 was transferred to Research from the Corporation and Natural Resource Tax Division, and then deleted by the legislature.

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## DIRECTOR'S OFFICE

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### Funding

The Administration program is funded with general fund, proprietary liquor funds, federal funds, and state special revenue. Liquor funds increase to cover a greater share of program costs in the 1993 biennium. Federal funds reflect supervision of federally funded programs within the Investigations program. State special revenue includes employer's payroll (worker's compensation) tax. The program received highway state special revenue in the 1991 biennium to account for the supervision and program oversight of the Motor Fuels Tax Division. However, that division is being transferred to the new Department of Transportation effective July 1, 1991 due to passage of Senate Bill 164. An increase in liquor funds offsets the decrease in highway special revenue. Fiscal 1992 amounts of general fund, state special revenue and liquor funds are higher than 1993 due to biennial legislative audit costs budgeted in fiscal 1992.

The Legal unit is supported by general fund, and liquor funds. The allocation of liquor funds is slightly greater to account for inflation in operating costs. General fund increases as 2.0 FTE transferred from the Property Assessment Division are fully supported by general fund.

The Investigations unit is funded by general fund, federal funds, and liquor funds. Welfare fraud investigations are federally supported, including a pass-through appropriation available to reimburse county prosecutors for time spent on such cases.

The Research and Information unit is supported by general fund.

## CENTRALIZED SERVICES DIVISION

<u>Budget Item</u>	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	30.77	29.52		29.52	30.77	29.27		29.27
Personal Services	675,679	595,072	70,063	665,135	674,459	590,870	75,263	666,133
Operating Expenses	108,060	108,060	0	108,060	106,022	106,022	0	106,022
Equipment	3,524	3,524	0	3,524	3,524	3,524	0	3,524
Total Costs	\$787,263	\$706,656	\$70,063	\$776,719	\$784,005	\$700,416	\$75,263	\$775,679
<u>Fund Sources</u>								
General Fund	778,656	706,656	70,063	776,719	775,416	700,416	75,263	775,679
State Revenue Fund	8,607	0	0	0	8,589	0	0	0
Total Funds	\$787,263	\$706,656	\$70,063	\$776,719	\$784,005	\$700,416	\$75,263	\$775,679

### Program Description

The Centralized Services Division performs a variety of accounting, fiscal control, and budgeting services for all department divisions. In addition, the division administers beer and wine tax collections. Specific responsibilities include: recording, summarizing, analyzing, and reporting budget and accounting data including cash receipts, distribution, and payment of invoices; maintaining beer and wine tax collection records and completion of monthly collection reports; providing centralized payroll services and position control services; maintaining records of all department fixed assets; performing inventory, fiscal, and performance audits of all state liquor stores; depositing all tax collections for the department; receiving and distributing all department mail; and managing a supply operation for liquor stores and a purchasing function for department purchases.

### Special Session Action

The special session reduced the Centralized Services Division (CSD) general fund by \$147,000 over the biennium, 0.75 FTE in fiscal 1992, and 1.0 FTE in fiscal 1993. The FTE was transferred to the Corporation and Natural Resources Tax Division. CSD will hold vacant positions open in order to achieve the necessary savings. The agency narrative contains a more detailed description of the planned cutbacks.

The special session appropriation report incorporates the newly created Department of Transportation (Senate Bill 164 approved by the 1991 legislature). As part of the reorganization, 0.5 FTE, \$8,607 in fiscal 1992 gas tax authority and \$8,589 in fiscal 1993 gas tax

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## CENTRALIZED SERVICES DIVISION

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authority were transferred to the new department from CSD. This transfer does not include pay plan authority that may be transferred in fiscal 1993. No pay plan authority was transferred in fiscal 1992.

### Budget as Approved by the Regular 1991 Legislative Session

FTE decline by 1.5 as bad debt collection was transferred, effective January 1, 1990, to the State Auditor's Office by the 1989 legislature. A 0.5 clerical FTE was transferred to the new DOT effective July 1, 1991.

Personal services increase 5.7. percent due to: 1) vacancy savings in fiscal 1990; 2) continuation of the fiscal 1991 pay plan in the 1993 biennium; and 3) continuation of FTE budget authority which was used to contract for services in fiscal 1990. The program contracted for mail opening services in fiscal 1990 and (as allowed in House Bill 100) moved funds budgeted for personal services to contracted services as the cost of contracting the service was lower. The current level budget maintains the FTE assigned to open mail and removes the contract amount from operating costs. The program plans to seek bids for contracted services in the 1993 biennium and let another contract if it remains cost effective to do so.

The operating budget decreases 13.0 percent due to: 1) removal of the cost to contract for mail opening services of \$18,964; and 2) rate reductions in mainframe computer processing of \$6,625 in fiscal 1992 and \$9,403 in fiscal 1993. These decreases are partially offset by network service fees which add \$8,723 annually and other fixed cost and inflationary adjustments.

Current level equipment includes replacement of one personal computer and two wide-carriage printers each year.

### Funding

The program is supported by general fund.

## DATA PROCESSING DIVISION

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	51.43	50.18		50.18	51.10	49.60		49.60
Personal Services	1,348,746	1,254,248	110,659	1,364,907	1,343,444	1,238,977	139,047	1,378,024
Operating Expenses	151,086	151,086	0	151,086	148,953	148,953	0	148,953
Equipment	4,348	4,348	0	4,348	2,214	2,214	0	2,214
Total Costs	\$1,504,180	\$1,409,682	\$110,659	\$1,520,341	\$1,494,611	\$1,390,144	\$139,047	\$1,529,191
<u>Fund Sources</u>								
General Fund	970,323	880,323	76,851	957,174	965,910	875,910	88,616	964,526
State Revenue Fund	83,412	78,914	6,395	85,309	77,593	63,126	9,210	72,336
Proprietary Fund	450,445	450,445	27,413	477,858	451,108	451,108	41,221	492,329
Total Funds	\$1,504,180	\$1,409,682	\$110,659	\$1,520,341	\$1,494,611	\$1,390,144	\$139,047	\$1,529,191

### Program Description

The Data Processing Division provides automated data and word processing services, detailed systems requirements analysis, systems development and maintenance services, data entry services, computer operations support services, technical support for departmental and personal computers, and research services relating to tax policy, revenue estimating, and Montana tax laws. The division is comprised of four distinct components which are: Computer Operations, Technical Support, Data Entry/Text Administration, and Midrange and Micro-computer Development.

### Special Session Action

The special session reduced the Data Processing Division general fund by \$180,000 over the biennium, increased the state special revenue appropriation by \$10,000 in fiscal 1992, and transferred 0.75 FTE in fiscal 1992 and 1.0 FTE in fiscal 1993 to the Corporation and Natural Resources Division. The Data Processing Division will not fill 4.5 temporary data entry FTE in order to achieve the savings. The agency narrative contains a more detailed description of the actions that the division will take.

The special session appropriation report incorporates the newly created Department of Transportation (Senate Bill 164 approved by the 1991 legislature). As part of the reorganization, 0.5 FTE, \$14,498 in fiscal 1992 gas tax authority, and \$14,467 in fiscal 1993 gas

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## DATA PROCESSING DIVISION

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tax authority were transferred to the new department from Data Processing. This transfer does not include pay plan authority that may be transferred in fiscal 1993. No pay plan authority was transferred in fiscal 1992.

### Budget as Approved by the Regular 1991 Legislative Session

FTE increase by a net of 0.93. The FTE changes from fiscal 1990 to fiscal 1992 are: 1) a reorganization transferred 5.0 FTE (the Research and Information unit) from Data Processing to the Director's Office; 2) 2.60 FTE were transferred from the Property Assessment Division to the Data Processing Division; 3) 2.33 FTE are added through budget modification in fiscal 1992 and 2.0 FTE are added in fiscal 1993; and 4) 1.0 FTE added in the 1990 special session of the legislature to transfer employer's payroll tax data from the State Fund and implement the employer's payroll tax system was continued by the legislature. A 0.5 data processing FTE was transferred to the DOT effective July 1, 1991.

Personal services increase 20.5 percent due to: 1) 1.0 FTE for data processing support of the employer's payroll tax, which adds \$30,182 in fiscal 1992 and \$30,116 in fiscal 1993; 2) a budget modification for 2.33 FTE in fiscal 1992 and 2.0 FTE in fiscal 1993 for data entry of employer's payroll tax, which adds \$41,549 in fiscal 1992 and \$35,589 in fiscal 1993; 3) vacancy savings in fiscal 1990; and 4) continuation of the fiscal 1991 pay plan in the 1993 biennium.

The operating budget increases 17.3 percent due to: 1) extending maintenance coverage to computer equipment no longer under warranty, which adds \$13,611 each year; 2) increases in network fees of \$7,960 each year; 3) increases in communications and supplies costs to support CAVAS, which adds \$5,743 each year; and 6) other fixed cost and inflationary adjustments. Increased operating costs are partially offset by reductions in mainframe computer processing costs of about \$4,500 in fiscal 1992 and \$7,200 in fiscal 1993.

Equipment includes replacement of two personal computers in fiscal 1992 and one in fiscal 1993.

### Funding

Program funding is from the general fund, state special revenue, and proprietary liquor funds. State special revenue includes the employer's payroll tax. The January 1992 special session of the legislature appropriated \$10,000 of highway gas tax special revenue in fiscal 1992 to support services transferring the Motor Fuels Tax Division to the DOT. Employer's payroll tax supports the 2.33 FTE added in the budget modification and the current level 1.0 FTE. Liquor funds are allocated in the same proportion as the amount expended in fiscal 1990, except for funding the 1.8 FTE transferred from Property Assessment. Those FTE are fully supported by general fund.



## LIQUOR DIVISION

<u>Budget Item</u>	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	9.00	9.00		9.00	9.00	9.00		9.00
Personal Services	189,922	189,922		207,024	189,835	189,835	27,256	217,091
Operating Expenses	<u>59,821</u>	<u>59,821</u>	<u>17,102</u>	<u>59,821</u>	<u>59,821</u>	<u>59,821</u>	<u>0</u>	<u>59,821</u>
Total Costs	\$249,743	\$249,743	\$17,102	\$266,845	\$249,656	\$249,656	\$27,256	\$276,912
<u>Fund Sources</u>								
Proprietary Fund	<u>249,743</u>	<u>249,743</u>	<u>17,102</u>	<u>266,845</u>	<u>249,656</u>	<u>249,656</u>	<u>27,256</u>	<u>276,912</u>
Total Funds	\$249,743	\$249,743	\$17,102	\$266,845	\$249,656	\$249,656	\$27,256	\$276,912

### Program Description

The Liquor Division controls the sale and distribution of alcoholic beverages and the licensing of manufacturers, wholesalers, and retailers of alcoholic beverages in Montana (Title 16, MCA). The division orders merchandise for distribution and sale through the state retail liquor stores/agencies, publishes a retail price list on a quarterly basis, analyzes new products and sales patterns of existing products, and audits all merchandise invoices and freight claims. The division warehouse receives and stores all alcoholic beverage merchandise, assembles orders from individual state retail liquor stores/agencies, and schedules shipment of merchandise. The division also supervises and evaluates all phases of state retail store and agency operations, analyzes and audits retail outlets' financial condition, negotiates store leases and evaluates bids for selection of agencies, and develops and implements merchandising/marketing techniques and training programs for store personnel and agents. Additionally, the division determines qualifications of applicants for manufacture, wholesale, and retail licenses, issues licenses, and processes annual renewals of licenses and registrations.

### Language

"Liquor Division proprietary funds necessary to maintain adequate inventories of liquor and wine and to operate the state liquor operation are appropriated. During the 1993 biennium, the division shall attempt to return at least 10 percent of net sales. Net sales are gross sales less discounts and all taxes collected. The division shall limit operational expenses of the liquor merchandising system to not more than 15 percent of the net sales. Operational expenses may not include product costs, freight charges, expenses allocable to other divisions, or licensing bureau expenses."

## LIQUOR DIVISION

"An agent operating a state agency liquor store has the preference right to renew the agent's agency agreement by accepting the terms of the request for bids as those terms existed before January 1, 1991, and by meeting the highest bid made by any other applicant. Those agency agreements that contain renewal options must be honored according to the terms of the agency contract and request for bids in existence prior to January 1, 1991."

### Budget as Approved by the Regular 1991 Legislative Session

In previous biennia, Liquor Division functions have been appropriated through language. The legislature adopted the executive request to continue the language appropriation for Liquor Division functions except the Licensing Bureau, which is authorized in House Bill 2. The following table compares fiscal 1990 actual expenditures of the Licensing Bureau to legislative action.

Comparison of Licensing Bureau  
Fiscal 1990 Actual Expenditures to Legislative Action

<u>Budget Item</u>	<u>Actual Fiscal 1990</u>	<u>Executive Fiscal 1992</u>	<u>Legislature Fiscal 1992</u>	<u>Executive Fiscal 1993</u>	<u>Legislature Fiscal 1993</u>	<u>Change 1990 to 1992</u>
FTE	9.0	9.0	9.0	9.0	9.0	0.00%
Personal Services	\$155,491	\$197,835	\$189,922	\$197,745	\$189,835	22.14%
Operating Expenses	61,684	59,821	59,821	59,821	59,821	-3.02%
Equipment	0	0	0	0	0	0.00%
Total Expenditures	\$217,175	\$257,656	\$249,743	\$257,566	\$249,656	15.00%
<u>Fund Sources</u>						
Proprietary Funds	\$217,175	\$257,656	\$249,743	\$257,566	\$249,656	15.00%

Personal services increase 22.14 percent due to: 1) vacancy savings in fiscal 1990; and 2) continuation of the fiscal 1991 pay plan in the 1993 biennium. The operating budget decreases 3.0 percent due to removal of one-time operating costs.

### Funding

The Liquor Licensing Bureau is funded through proprietary liquor funds.

# INCOME TAX

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	113.65	114.33		114.33	113.65	117.65		117.65
Personal Services	2,584,863	2,570,530		2,842,367	2,582,166	2,555,992	315,809	2,871,801
Operating Expenses	1,382,162	1,385,642	271,837	1,385,642	1,315,293	1,331,633	0	1,331,633
Equipment	108,013	126,333	0	126,333	27,614	27,614	0	27,614
Total Costs	\$4,075,038	\$4,082,505	\$271,837	\$4,354,342	\$3,925,073	\$3,915,239	\$315,809	\$4,231,048
Fund Sources								
General Fund	3,696,540	3,704,007	252,703	3,956,710	3,556,119	3,546,285	284,633	3,830,918
State Revenue Fund	378,498	378,498	19,134	397,632	368,954	368,954	31,176	400,130
Total Funds	\$4,075,038	\$4,082,505	\$271,837	\$4,354,342	\$3,925,073	\$3,915,239	\$315,809	\$4,231,048

## Program Description

The Income and Miscellaneous Tax Division administers and enforces the Montana personal income, withholding, miscellaneous, inheritance, and accommodation taxes. Program responsibilities include administering the income tax withholding system, processing partnership, fiduciary and trust returns, estimated income taxes, filing extensions, and elderly homeowner/renter credits. The program accounts for tax returns and payments; collects delinquent taxes; simplifies reporting requirements; issues tax refunds; assists taxpayers and employers in filing returns; audits tax returns; insures compliance with the tax laws; and manages the accommodation tax. The division distributes forms and instructions to taxpayers, manages toll-free telephone lines, trains volunteers to assist others in completing their returns, conducts small business clinics to inform employers of the requirements for state tax withholding, and manages training programs for practitioners on changes in tax laws and regulations.

## Special Session Action

The general fund appropriation of the Income Tax Division was reduced by \$168,795 over the biennium. The division will absorb the reduction in fiscal 1992 through various efficiencies including lower mainframe computer costs due to the 24 percent rate reduction instituted by the Department of Administration at the beginning of fiscal 1992. This rate reduction is greater than anticipated and budgeted by the 1991 legislature.

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## INCOME TAX

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In fiscal 1993, the division plans to: 1) eliminate a grade 13 FTE that conducts taxpayer assistance and training clinics (ABC classes) for \$28,750; 2) reduce travel by \$37,445; 3) eliminate the toll fee taxpayer assistance telephone line for \$10,000; 4) eliminate printing of return envelopes for tax payment for \$3,400; 5) forego purchase of two replacement vehicles for \$12,000; and 6) reduce vehicle operating costs by \$4,000. In addition to these specific reductions, the division expects to save \$41,000 in mainframe computer processing costs due continuation of the fiscal 1991 rate reduction.

The special session added 4.0 FTE and general fund authority to the Income Tax Division to generate an additional \$1,000,000 in revenue. (See Budget Modification section in agency narrative for a more complete description.)

The legislature adopted the Executive revenue estimate for an additional \$1.5 million additional general fund revenue over the biennium. The Income Tax Division will: 1) change cross match files in order to identify nonfilers and potential audit candidates; 2) have field agents serve banks with tax liens rather than mailing such liens; and 3) concentrate audit efforts on general fund revenue sources (such as income, withholding, telephone company license, and freight line taxes) and divert audit time from other taxes.

### Budget as Approved by the Regular 1991 Legislative Session

FTE increase by a net of 10.5 positions due to: 1) three budget modifications which add 9.0 FTE each year; 2) legislative approval to add 2.0 current level FTE to administer the employer's payroll tax; and 3) removal of a 0.5 clerical FTE vacant for 12 consecutive months.

Personal services increase 18.0 percent due to: 1) three budget modifications which add \$200,991 in fiscal 1992 and \$200,552 in fiscal 1993; 2) approval of the Executive current level request for 2.0 FTE to administer the employer's payroll tax, which adds \$38,227 in fiscal 1992 and \$38,147 in fiscal 1993; 3) vacancy savings in fiscal 1990; and 4) continuation of the fiscal 1991 pay plan in the 1993 biennium.

The operating budget increases 14.4 percent due to: 1) four budget modifications which add \$131,401 in fiscal 1992 and \$103,803 in fiscal 1993; 2) an increase of \$90,853 in fiscal 1992 and \$91,015 in fiscal 1993 to support the current level employer's payroll tax FTE; 3) network service fees of \$35,584 annually; 4) an increase in audit-related travel of \$9,990 annually; and 5) other fixed cost and inflationary adjustments, including postage inflation which adds about \$37,000 each year. Operating cost increases are partially offset by reductions in mainframe processing costs of about \$108,000 in fiscal 1992 and \$153,000 in fiscal 1993 and a \$25,000 reduction to the fiscal 1990 base.

Equipment is authorized in four budget modifications: 1) equipment replacement; 2) accounts receivable; 3) employer's payroll tax; and 4) revenue collection. Equipment includes replacement of three vehicles, eight personal computers, and one high-speed printer each year of the biennium and, in fiscal 1992 only, office and computer equipment for 9.0 FTE added by budget modification and these vehicles.

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## INCOME TAX

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The department is appropriated \$108,225 from the general fund in fiscal 1992 and \$78,705 in fiscal 1993 to implement House Bill 959. The appropriation includes funds for 3.0 FTE, equipment, and operating costs. That bill requires taxpayers filing an extension to pay up to 95 percent of the estimated tax liability.

### Funding

General fund is the major funding source for this program. State special revenue supports several functions, including administration of the unclaimed property program, accommodation tax, emergency telephone tax, and employer's payroll tax. State special revenue increases 148.1 percent to fund administration of the employer's payroll tax.

Dangerous drug tax collections are statutorily appropriated to offset administrative costs.

## CORPORATION TAX

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	33.00	34.50		34.50	33.00	35.00		35.00
Personal Services	941,961	1,011,715	60,159	1,071,874	940,198	1,035,405	99,778	1,135,183
Operating Expenses	370,154	384,354	0	384,354	373,900	392,816	0	392,816
Equipment	<u>2,410</u>	<u>20,410</u>	<u>0</u>	<u>20,410</u>	<u>2,410</u>	<u>2,410</u>	<u>0</u>	<u>2,410</u>
Total Costs	\$1,314,525	\$1,416,479	\$60,159	\$1,476,638	\$1,316,508	\$1,430,631	\$99,778	\$1,530,409
Fund Sources								
General Fund	1,122,194	1,224,148	51,309	1,275,457	1,124,159	1,238,282	85,543	1,323,825
State Revenue Fund	63,186	63,186	3,073	66,259	63,193	63,193	4,944	68,137
Federal Revenue Fund	<u>129,145</u>	<u>129,145</u>	<u>5,777</u>	<u>134,922</u>	<u>129,156</u>	<u>129,156</u>	<u>9,291</u>	<u>138,447</u>
Total Funds	\$1,314,525	\$1,416,479	\$60,159	\$1,476,638	\$1,316,508	\$1,430,631	\$99,778	\$1,530,409

### Program Description

The Natural Resource and Corporation Tax Division administers 17 different taxes including: corporation license tax, oil and gas severance tax, coal severance tax, metal mines tax, gross and net proceeds tax, local government severance tax, electrical energy license tax, and the resource indemnity trust tax. The division also administers the state and federal royalty audit programs related to mineral production from state and federal lands located in Montana.

### Special Session Action

The special session increased general fund \$216,077 over the biennium in the Corporation and Natural Resources Tax Division. The additional general fund will support a more intensive audit schedule to generate \$7 million in additional one-time revenue. Two FTE were transferred to the division from other programs and 2.0 vacant audit FTE have been filled. (The FTE transferred to the division replace 2.0 division audit FTE removed by the department in its budget request that was adopted by the 1991 legislature.)

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## CORPORATION TAX

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### Legislative Intent

The department is directed to submit the Corporation and Natural Resource Tax program budget request for the 1995 biennium in separate components including, at a minimum, components for general fund supported functions, and for functions supported by other funds.

### Budget as Approved by the Regular 1991 Legislative Session

FTE decline by 2.0 positions that were vacant throughout fiscal 1990. One of the positions was transferred to the Research and Information unit in the Director's Office. The second position was removed by the legislature.

Personal services increase 11.8 percent due to: 1) vacancy savings in fiscal 1990; and 2) continuation of the fiscal 1991 pay plan.

The operating budget increases 9.8 percent due to: 1) an increase in audit-related travel of \$20,000 each year; 2) network service fees of \$13,303 annually; 3) contracted services costs in fiscal 1993 of about \$5,000 to fund membership in and services from the Multistate Tax Commission; and 4) other fixed cost and inflationary adjustments, including postage inflation which adds about \$3,100 each year. Operating cost increases are partially offset by reductions in mainframe computer processing costs of about \$4,100 in fiscal 1992 and \$5,000 in fiscal 1993.

Current level equipment includes replacement of one personal computer each year.

### Funding

Program funding is determined by staff function. The 3.0 FTE that perform federal royalty audits are supported by federal funds. The 2.0 FTE responsible for audits related to the administration of state-owned lands are funded by the Department of State Lands' resource development account and the oil and gas special revenue account. The remaining FTE and functions are supported by general fund. The amount of federal funding is based on the contract negotiated with the federal government for the 1993 biennium. General fund increases in order to support specific operating cost increases.

## PROPERTY ASSESSMENT

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	397.06	397.06		397.06	397.06	397.06		397.06
Personal Services	9,222,519	9,222,519	521,848	9,744,367	9,221,535	9,221,535	1,069,952	10,291,487
Operating Expenses	1,937,237	1,937,237	0	1,937,237	2,109,335	2,109,335	0	2,109,335
Equipment	92,156	92,156	0	92,156	92,156	92,156	0	92,156
Debt Service	268,572	268,572	0	268,572	268,572	268,572	0	268,572
Total Costs	\$11,520,484	\$11,520,484	\$521,848	\$12,042,332	\$11,691,598	\$11,691,598	\$1,069,952	\$12,761,550
Fund Sources								
General Fund	11,520,484	11,520,484	521,848	12,042,332	11,691,598	11,691,598	1,069,952	12,761,550
Total Funds	\$11,520,484	\$11,520,484	\$521,848	\$12,042,332	\$11,691,598	\$11,691,598	\$1,069,952	\$12,761,550

### Program Description

The Property Assessment Division (PAD) is responsible to secure a fair, uniform, and equitable valuation of all taxable property within and among counties, between different classes of property, and between individual taxpayers. Specific duties are: completing reappraisal of all real property in accordance with the statutory time schedule; valuing new construction and land use changes; assessing personal property each year; completing an annual sales assessment ratio study to more closely approximate market value of land and improvements for property tax purposes; auditing taxpayer property tax returns to ensure all taxable property is reported; centrally valuing railroad, public utility, and airline properties; considering all requests for property tax exemptions and reductions; defending the department in tax appeals before county and state tax appeal boards and the courts; and conducting schools for assessors and appraisers. State offices are located in each of the 56 counties, under the direct supervision of either an elected assessor (assessment office), an appraisal supervisor (appraisal office), or a county manager (appraisal/assessment - combined office). There are three programs in the division: Elected and Deputy Assessors; Appraisers and Other Staff; and Property Appraisal.

### Language

#### Property Assessment Program

"Funds appropriated in the [computer-assisted mass appraisal system budget modification] may be used only for consulting contracts to support CAVAS or to support appraisers' use of CAVAS; for debt service costs to fund equipment acquisition; and for computer maintenance contracts." CAVAS is the computer-assisted mass appraisal system implemented by the department in the 1991 biennium.



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## PROPERTY ASSESSMENT

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### Budget as Approved by the Regular 1991 Legislative Session

#### Elected and Deputy Assessors Program

FTE decline 2.1 positions over the biennium as the commissioners of two counties—Musselshell and Meagher—requested that the county assessor and appraisal offices be combined. A public hearing must be held regarding the elimination of the elected assessor position before a county can give up the position. The department then combines the offices into a county manager (assessment/appraisal) office administered by DOR and transfers the FTE to the Appraisers and Other Staff program. Two assessors and one deputy position (each 0.7 FTE) were removed from this program and transferred to Appraisers and Other Staff.

Personal services increase 7.0 percent due to: 1) pay raises authorized by counties; and 2) vacancy savings in fiscal 1990. The department reimbursed 70 percent of county-established salaries, including pay increases adopted by counties. In years when the state pay plan was frozen, the department did not include reimbursement for county pay increases. The legislature did not apply 4 percent vacancy savings to this program as all positions are elected or appointed and extended vacancies are rare.

Operating expenditures are not paid from this program. The expenditures recorded in fiscal 1990 should have been allocated to the Appraisers and Other Staff program.

#### Appraisers and Other Staff Program

There is a net decline of 45.5 FTE due to the reorganization of some functions. Two and one-tenth FTE were transferred into the program from the Elected and Deputy Assessors program. A total of 47.6 FTE were transferred from the program to the Property Assessment program. These FTE included the area managers and associated administrative staff, and Helena based staff that administer other field functions.

Personal services costs increase 7.3 percent despite the decline in FTE due to: 1) transfer of appropriation authority and expenditures with the FTE moved from Elected and Deputy Assessors; 2) vacancy savings in fiscal 1990 as the turnover in field staff was high; and 3) continuation of the 1991 pay plan into the 1993 biennium.

Operating costs increase 13.0 percent due to: 1) contracted services increases of about \$50,000 each year, including appraiser services (\$31,645 each year) and computer system development (\$17,091 each year) to update county computer systems for tax law changes made by the 1991 legislature; and 2) fixed cost and inflationary adjustments of about \$29,000, including postage inflation of about \$14,300 each year, inflation in the price of paper of about \$4,000 each year, and gasoline inflation of about \$6,000 in fiscal 1992 and \$3,700 in fiscal 1993.

Equipment includes replacement of six vehicles and miscellaneous office equipment each year. A lease/purchase for a telephone system is also budgeted, but the lease cost is offset by reductions in communications operating costs. The division expended \$49,495 to replace vehicles in fiscal 1990. However, the cost is recorded in the Property Assessment program.

## PROPERTY ASSESSMENT

### Property Assessment Program

FTE increase a net of 41.0 between fiscal 1990 and 1992. The reorganization of area managers and Helena based staff added 47.6 FTE, while transfers and elimination of vacant positions remove 6.6 FTE from the program. Three FTE were transferred to the Legal unit in the Director's Office and 2.6 FTE were transferred to the Data Processing Division. The legislature removed 1.0 FTE that had been vacant throughout fiscal 1990.

Personal services increase 0.5 percent due to: 1) vacancy savings in fiscal 1990; 2) continuation of the fiscal 1991 pay plan in the 1993 biennium; and 3) application of 4 percent vacancy savings each year of the biennium. Personal services expenditures in fiscal 1990 include the 47.6 FTE added by the reorganization.

The operating budget increases 27.3 percent due to: 1) two budget modifications, which add \$242,592 in fiscal 1992 and \$412,592 in fiscal 1993; 2) network service fees of \$86,742 annually; and 3) other fixed cost and inflationary adjustments. Operating cost increases are partially offset by: 1) a reduction to the fiscal 1990 base to remove one-time computer repair and maintenance costs of about \$73,000; and 2) reductions in mainframe computer processing costs of about \$12,000 in fiscal 1992 and \$17,000 in fiscal 1993.

Current level equipment includes 14 personal computers each year for local reappraisal offices and replacement software. The 1993 annual biennium equipment budget is lower than fiscal 1990 expenditures as replacement vehicles budgeted in the Appraiser and Other Staff program were purchased in this program in fiscal 1990.

Debt service includes payments for computer equipment for CAMAS. Debt service increases due to the budget modification which adds \$112,689 each year of the biennium to fund an upgrade to the mid-range computer purchased to operate CAMAS and for six high-speed printers for local offices. The department upgraded the mid-range computer as it did not have adequate disk storage or processing capability. The equipment was purchased in fiscal 1991 with initial authorization included in the supplemental appropriations bill (House Bill 3) being considered by the 1991 legislature. Debt service to fund the upgrade and printers is planned to continue through fiscal 1996.

Senate Bill 412 revises sales assessment ratio studies enacted in House Bill 703 by the 1989 legislature. House Bill 703 directed DOR to equalize property values annually for residential and commercial property classes based on sales-assessment ratios. The annual adjustment provided for interim corrections to property values within the more comprehensive five- to seven-year reappraisal cycles. The Montana Supreme Court held that the application of the DOR 1990 sales-assessment ratio study "offends constitutional principles" and prohibited interim adjustments to assessed values derived from results of such studies after December 31, 1990. Senate Bill 412 requires the department to continue sales assessment ratio studies and to reappraise all property in an area where the sales assessment ratios meet certain thresholds. The bill also provides for a public hearing and judicial review, if requested, regarding such sales assessment ratios. Sales assessment ratios and selective reappraisals will be eliminated in tax year 1994, when all property the reappraisal cycle will be shortened to three years. The department testified that shorter reappraisal cycles are possible due to the implementation of CAMAS.

### Funding

All programs in the Property Assessment Division are supported by general fund.

## BUDGET REDUCTION

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	.00	.00		.00	.00	.00		.00
Personal Services	94,138-	94,138-	0	94,138-	94,195-	94,195-	0	94,195-
Total Costs	\$94,138-	\$94,138-	\$0	\$94,138-	\$94,195-	\$94,195-	\$0	\$94,195-
<u>Fund Sources</u>								
General Fund	94,138-	94,138-	0	94,138-	94,195-	94,195-	0	94,195-
Total Funds	\$94,138-	\$94,138-	\$0	\$94,138-	\$94,195-	\$94,195-	\$0	\$94,195-

## Special Session Action

During the 1991 regular session, the legislature imposed the reduction in the agency's general fund budget shown in the table above. Section 6 of House Bill 2 allows the agency, with the approval of the approving authority as defined in Section 17-7-102, MCA, to determine the proportional share of the amount to be applied to each program. The special session of the legislature did not augment this general reduction.

## DEPARTMENT OF ADMINISTRATION

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	318.14	318.14		318.14	322.14	322.14		322.14
Personal Services	9,371,203	9,276,422		9,883,845	9,450,714	9,320,772	984,893	10,305,665
Operating Expenses	25,225,683	25,183,293	607,423	25,183,293	25,701,191	25,655,481	0	25,655,481
Equipment	1,795,405	1,775,763	0	1,775,763	1,701,124	1,695,999	0	1,695,999
Transfers	732,269	732,269	0	732,269	740,820	740,820	0	740,820
Debt Service	4,835,647	4,835,647	0	4,835,647	4,288,997	4,288,997	0	4,288,997
Total Costs	\$41,960,207	\$41,803,394	\$607,423	\$42,410,817	\$41,882,846	\$41,702,069	\$984,893	\$42,686,962
<b>Fund Sources</b>								
General Fund	3,428,337	3,228,524	147,921	3,376,445	3,376,874	3,150,824	238,659	3,389,483
State Revenue Fund	746,344	746,344	30,990	777,334	757,323	757,323	50,095	807,418
Capital Projects Fund	773,667	773,667	0	773,667	784,648	784,648	0	784,648
Proprietary Fund	37,011,859	37,054,859	428,512	37,483,371	36,964,001	37,009,274	696,139	37,705,413
Total Funds	\$41,960,207	\$41,803,394	\$607,423	\$42,410,817	\$41,882,846	\$41,702,069	\$984,893	\$42,686,962

### Agency Description

The Department of Administration (DOA) provides centralized services for state agencies in the following areas: 1) accounting and financial reporting; 2) capitol complex building maintenance and capitol security; 3) state bonded indebtedness administration; 4) state treasury services; 5) insurance coverage and Tort Claims Act administration; 6) systems development, telecommunications, and data processing; 7) personnel management and labor relations; 8) purchasing and surplus property administration; 9) duplicating, mail, and messenger services; and 10) records management. The department also administers the state Long Range Building Program, state employee group benefits program, and the various state retirement systems. In addition, the Board of Examiners, State Tax Appeal Board, State Compensation Mutual Insurance Fund, Public Employees' Retirement Board, and Teachers' Retirement Board are attached to the department for administrative purposes only.

## DEPARTMENT OF ADMINISTRATION

## Special Session Action

		Executive Budget Proposal		Fiscal 1993		Fiscal 1992		Legislative Budget Action		Fiscal 1993	
		General Fund		Other Funds		General Fund		Other Funds		General Fund	
Description	Rgm										
House Bill 2											
1 Eliminate Printing of Selected Hard Copy Reports	03	(\$8,390)				(\$11,710)				(\$11,710)	
2 Input/Output Operator	03	(4,000)				(4,000)				(4,000)	
3 Printing and Procurement	06	(10,100)				(6,541)				(6,541)	
Vacancy Savings											
4 Reductions in Security and Maintenance	08	(30,000)				(30,000)				(30,000)	
5 Personnel Division Reduction	23	(30,000)				(45,273)				(45,273)	
6 State Tax Appeal Board	37	(53,024)				(52,288)				(52,288)	
7 Eliminate Equipment Purchases	NA									(5,125)	
8 General Reduction	NA									(71,113)	
Sub-Totals		(135,514)	30,000		45,273	(149,812)		43,000		(226,050)	45,273
Other											
9 HB509 System Changes to Implement New Pay Plan	23										
10 Fund Balance Transfer	NA	(46,000)				(46,000)				(46,000)	
Photocopy Pool (HB2)											
11 Fund Balance Transfer	NA	(100,000)									
Computer Services and Telecommunications (HB2)											
Sub-Totals		(146,000)				(46,000)				(46,000)	
Grand Totals		(\$281,514)	\$30,000		\$45,273	(\$195,812)		\$43,000		(\$272,050)	\$45,273

## DEPARTMENT OF ADMINISTRATION

### Special Session Action

- 1) Eliminate Printing of Selected Hard Copy Reports - The Accounting program will no longer print a backup copy of daily SBAS transaction and appropriation reports. Agencies will have to pay for duplicate copies of reports. The program will print fewer hard copies of supplemental finance schedules and will substitute microfiche copies instead. This proposal is expected to save \$20,000 general fund over the biennium.
- 2) Input/Output Operator - The Accounting program will no longer contract for the services of an input/output operator from the Information Services Division (ISD) during the daytime. Other program staff will assume the duty of providing the mainframe computer with daily instructions to operate Accounting and Management Support Division systems including SBAS. This reduction is expected to generate \$8,000 general fund savings over the biennium.
- 3) Printing and Procurement Vacancy Savings - Vacant positions in the Printing and Procurement Division will be held open longer to generate vacancy savings above the amount included in House Bill 2. The program projects a biennial general fund savings of \$16,641. This reduction will increase the 4 percent vacancy savings imposed by the regular session by about 3 percent in fiscal 1992 and about 2 percent in fiscal 1993.
- 4) Reductions in Security and Maintenance - General Services Division has reduced general surveillance by 38 hours per week (about one full-time security guard). Maintenance projects will be curtailed. These actions are expected to save \$60,000 general fund over the biennium.
- 5) Funding Switch - The Personnel Division will shift general fund supported activities related to the Employee Benefits program and Professional Development Center to proprietary funds, for a biennial general fund savings of \$88,273.
- 6) State Tax Appeal Board Reduction - The operating budget for the State Tax Appeal Board (STAB) will be reduced \$105,312 general fund over the biennium. The program has extra authority due to the fiscal 1991 appropriated base used by the executive in developing the 1993 biennium budget. The 1991 appropriation for STAB was about \$123,000 higher than fiscal 1990 actual expenditures. The legislature adopted the executive recommendation for STAB which used the fiscal 1991 appropriation as the base year. The reduction will be in personal services.
- 7) Eliminate Equipment Purchases - The special session eliminated all unexpended general fund authority for equipment purchases. The specific programs affected and amount of general fund reduced are: 1) Director's Office, \$2,257 in fiscal 1992; 2) Accounting program, \$9,760 in fiscal 1992; 3) Printing and Procurement Division, \$2,000 each year of the biennium; 4) Personnel Division, \$5,625 in fiscal 1992 and \$3,125 in fiscal 1993.
- 8) General Reduction - The legislature imposed a \$31,657 reduction in the agency's general fund budget for fiscal 1992 and \$71,113 for fiscal 1993 in addition to the specific budget changes shown above. Since the agency will be allowed to allocate this budget reduction among programs, it is reflected in the agency table but is not reflected in individual program tables and not discussed in

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## DEPARTMENT OF ADMINISTRATION

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the program narratives. The last program in the agency , a program entitled "Budget Reduction," shows the budget reduction imposed on the agency by the legislature during the special session and during the regular session.

- 9) HB509 System Changes to Implement New Pay Plan - The Personnel Division was appropriated \$73,200 general fund for computer programming changes to implement provisions of the state pay plan (House Bill 509). The special session reduced that appropriation by \$9,000, the estimated savings from the first segment of required computer system changes.
- 10) Fund Balance Transfer--Photocopy Pool - A transfer of \$46,000 of photocopy pool proprietary funds will be deposited to the general fund each year of the biennium. These funds are income from photocopy machine rental to state agencies. Funds are available for transfer due to the favorable rates obtained in the most recent photocopy equipment term contract negotiated by the department. Previously, the department owned some of the "top end" copiers in the photocopy pool. Eight of these copiers were budgeted for replacement in House Bill 2. Under the new term contract, it is more cost effective for the vendor to replace and own these machines than for the department to replace the machines.
- 11) Fund Balance Transfer--Computer Services and Telecommunications - A one-time transfer of \$100,000 proprietary funds from the computer services and telecommunications accounts to the general fund will be made in fiscal 1992. These funds are payments from state agencies for computer and telecommunications services. Consolidation of the computer services and telecommunications internal service accounts has improved cash flow, which reduces capital reserve requirements, allowing the transfer of funds, according to department staff.

### Language

"The department shall develop and submit a cost recovery plan for each of its proprietary operations to the Office of Budget and Program Planning and the Legislative Fiscal Analyst by August 1, 1992."

"The Public Service Commission is considering a proposal allowing large state natural gas customers to purchase their own supplies of gas directly from gas producers. Recognizing the likelihood of a changing natural gas procurement environment, the Governor is authorized, if the proposal is approved by the Commission, to designate a lead agency to implement a coordinated natural gas procurement program for affected state agencies and the University System."

### Legislative Intent

The legislature intends that the cost recovery plans include a description of the methodology used to determine rates, the proposed rates for the 1995 biennium, and identification of subsidization of services that are priced below cost.

## DEPARTMENT OF ADMINISTRATION

### Budget as Approved by the Regular 1991 Legislative Session

The legislature implemented a 0.5 percent reduction in the total agency general fund budget for each year of the biennium. Since agencies will be allowed to allocate this budget reduction among programs, it is reflected in the agency table above but is not reflected in the program tables and narratives. The special session of the legislature increase this reduction \$31,657 in fiscal 1992 and \$71,113 in fiscal 1993.

FTE decline a net of 34.45. Budget modifications add 6.0 FTE in fiscal 1992 and 7.0 in fiscal 1993. In addition, the legislature added 2.0 attorney FTE to the Tort Claims program and reduced the budget modification for contracted legal services by \$500,000 each year of the biennium. Continuation of the expanded federal surplus property program adds 4.0 FTE each year, as the program is not reflected in fiscal 1990 totals. The offsetting reduction of 46.45 FTE is due to: 1) reductions in FTE as the following services are now provided by contract--data entry (11.2), janitorial (15.0), and capitol security (10.0); 2) transfer of records management to the Secretary of State's Office, which reduces FTE by 8.25; and 3) reduction of 2.0 FTE per intent of the 1989 legislature as SBAS on line edit and entry reduced data entry workload. Fiscal 1993 FTE are 4.0 greater than fiscal 1992 FTE as 4.0 FTE are added to the Publications and Graphics Bureau for legislative session printing workload, an additional FTE is added for development of the Department of Family Services Computer System, and 1.0 FTE is reduced to reflect completion of the Regents Employees Reporting System (RERS).

Personal services increase 8.1 percent despite the decrease in FTE. About one-third of the positions deleted due to contracting for services were vacant throughout fiscal 1990. Because vacancy savings experienced in fiscal 1990 was higher than the 4 percent budgeted each year of the 1993 biennium, and the fiscal 1991 pay plan increase is continued in the 1993 biennium, personal services costs are higher than fiscal 1990 actual expenditures. In addition, budget modifications increase personal services by \$183,239 in fiscal 1992 and \$210,599 in fiscal 1993, the legislature increased the annual budget for per diem reimbursement for the state and county tax appeal boards \$54,110 in fiscal 1992 and \$54,108 in fiscal 1993, and the legislature added 2.0 grade 17 attorney FTE each year which increases personal services costs \$70,884 in fiscal 1992 and \$70,722 in fiscal 1993.

The operating budget increases 27.5 percent. Approval of 19 budget modifications, discussed below, adds \$1,845,081 in fiscal 1992 and \$1,791,680 in fiscal 1993. The cost of two functions not included in the fiscal 1990 totals increase the 1993 biennium budget: 1) the cost for deductible insurance policies purchased to cover several types of risks for the state is \$875,129 in fiscal 1992 and \$940,430 in fiscal 1993 (the fiscal 1990 cost of \$742,591 was not recorded in the accounting system correctly); and 2) continuation of the expanded federal surplus property program adds about \$166,000 each year. Contracting for data entry and capitol security services adds \$299,293 each year of the biennium. Major increases in proprietorial services include: 1) \$447,995 in fiscal 1992 and \$560,796 in fiscal 1993 for software upgrades and software rental; 2) an increase in goods for resale of \$229,510 in fiscal 1992 and \$341,985 in fiscal 1993; 2) an increase in pass-through printing of \$131,251 in fiscal 1992 and \$262,501 in fiscal 1993; 4) an increase of \$200,000 for a biennial appropriation to provide the Information Services Division (ISD) with the capability to contract for computer systems development as necessary; 5) additional utility costs in the General Services Division of \$94,182 in fiscal 1992 and \$94,938 in fiscal 1993; and 6) an increase in postage expenses for the Central Mail program of \$69,600 each year. The legislative audit budgeted in fiscal 1992 is \$140,479 compared to actual expenditures in fiscal 1990 of \$67,476. There are other fixed cost and inflationary adjustments, including inflation in postage of \$246,039 each year and paper costs of \$193,724 each year. Operating cost increases are partially offset by reductions due to: 1) legislative approval of the Executive recommendation for the Telecommunications



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## DEPARTMENT OF ADMINISTRATION

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Bureau, which was \$101,589 lower in fiscal 1992 and \$97,805 lower in fiscal 1993; and 2) the transfer of the State Agency Records Management program to the Secretary of State's Office (\$98,000 per year). Other changes to the operating budgets which explain the balance of the difference between fiscal 1990 and 1992 are discussed in program narratives.

Equipment increases 26.2 percent from fiscal 1990 to 1992 due to eight budget modifications which add \$900,716 in fiscal 1992 and \$883,689 in fiscal 1993. The biennial cost includes: 1) \$1.3 million for computer and communications equipment in ISD; 2) \$146,000 for photocopy and printing equipment in the Publications and Graphics Bureau; 3) \$30,000 for a delivery truck in the Property and Supply program; and 4) \$8,000 for a pallet jack in the Property and Supply program.

Capital outlay, expended in ISD for remodeling in fiscal 1990, is not continued in current level. Local assistance included reimbursements to county tax appeal boards for secretarial services in fiscal 1990, but is budgeted in contracted services in the 1995 biennium.

Transfers include money moved between fund types in the department. Transfers decline as the Tort Claims Division is funded directly from the self-insurance fund, eliminating the need to transfer monies from the fund to the operations budget. The transfer of general fund appropriation into the computer services proprietary account in ISD for the study and implementation of uniform payroll, personnel, and position system for the university system is not continued.

Debt service increases to fund computer software and hardware, and replacement copying machines in several agencies in the capitol complex.

## DEPARTMENT OF ADMINISTRATION

## Summary of Budget Modifications

	PGM	FTE	FY 1992		FY 1993		FTE	General Fund		Other Funds	
Architecture and Engineering Division											
1 Expanded Long Range Building	04									\$ 107,340	
2 HB500-Capitol Restoration Cdm	04									11,634	
Printing and Procurement Division											
3 Federal Surplus Program	06									87,000	
Information Services Division											
4 Armory Computer Upgrade	07									75,000	
5 Public Safety Communication	07									57,000	
6 ISD: Growth in Workload	07									500,000	
7 ISD: Networks	07	3.00							3.00	796,499	
8 Disaster Backup	07									144,000	
9 Student Long Distance	07	1.00							1.00	323,771	
10 Telephone System Upgrades	07									229,000	
11 HB569-Family Services	07	2.00							3.00	93,200	
Management Information System											
Mail and Distribution Bureau											
12 Postage Machines	13									6,500	
13 Expanded Mail Services	13									174,087	
Personnel Division											
14 Employee Newspaper	23									8,000	
15 Combined Campaign	23									10,000	
16 Grp Ins. Benefits System	23									36,500	
17 Prof. Development Center	23									9,112	
18 HB696-Genetics Program	23									20,252	
Risk Management and Tort Defense Division											
19 Risk Management and Tort	24									500,000	
Defense Contracts											
Totals		6.00							7.00	\$3,229,036	\$3,185,968

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## DEPARTMENT OF ADMINISTRATION

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- 1) Expanded Long Range Building Program - The legislature added \$51,242 in operating costs in fiscal 1992 and \$53,670 in fiscal 1993 and the same amounts in the transfer category to fund a long-range building program that has more projects than those approved by the legislature in recent years.
- 2) HB500 - Capitol Restoration Commission - This budget modification adds \$11,634 state special revenue each year in operating costs to fund the Capitol Restoration Commission established in House Bill 500. The Commission is administratively attached to the Department of Administration and the state architect shall serve on the committee and assist it with technical support. Funds to support ongoing restoration of the capitol are to be raised from the private sector.
- 3) Federal Surplus Property Program - This budget modification adds \$174,000 in proprietary authority to provide additional services in the federal surplus property program. Funds will be expended for consulting services to provide information about this program to school districts and local government, equipment evaluations, software changes to the program computer system, merchandising publications and equipment.
- 4) Armory Computer Upgrade - This budget modification includes \$150,000 in proprietary funds over the biennium to upgrade the computer which runs programs for the Department of Justice. Two systems are run on the computer--the Criminal Justice Information Network and the Montana Motor Vehicle Registration System. The processing workload is growing at a rate expected to exceed the system capabilities. The modification would fund purchase of a processor upgrade, additional magnetic storage media, and related software. A separate computer is dedicated to criminal justice support functions because the system must be on-line 24 hours a day. The state mainframe backs up the Armory computer when the computer is not operating.
- 5) Public Safety Communication - This modification implements recommendations of the Public Safety Communications Task Force to acquire communication equipment as deemed necessary by the task force; develop coordinated radio systems for state and local government; and continue mutual aid frequency use. The biennial cost of \$139,000 in proprietary funds is supported by fee income for radio transmissions on the statewide telecommunications network by all users.
- 6) ISD: Growth in Workload - Over the past nine years, the computer center has experienced an average annual growth in mainframe processing workload in excess of 17 percent. The department expects such growth to continue and this budget modification includes an additional \$1 million in proprietary funds to cover the corresponding increases in operating expenses. Most of the additional authority (\$300,000) is budgeted in the debt service category to purchase an upgrade for the state mainframe. However, maintenance and supply costs and software upgrades are also included in the request.
- 7) ISD: Networks - This modification adds 3.0 FTE and \$1.6 million in proprietary funds to continue implementation and support of statewide network connectivity to the mainframe computer. Equipment purchases comprise the largest share of the budget (\$1.1 million). A buried fiber optic cable will be laid throughout the capitol area complex in Helena to link most state buildings to the network. Other planned purchases include equipment to connect agencies to the statewide network and communication software components for personal computers.

The legislature adopted the Executive proposal to finance network services with a new rate structure that replaces subscription rates funded in 1991 biennium appropriations. Previously, ISD charged agencies \$20 per personal computer per month or negotiated a flat rate

## DEPARTMENT OF ADMINISTRATION

for personal computer support services. The new network rate, included in all agency budgets, is \$40 per month per personal computer and \$30 per month per work station terminal.

- 8) Data Processing Disaster Backup - This modification includes \$323,000 in proprietary funds over the biennium to purchase off-site processing capabilities in the event that a disaster disables the state mainframe computer, including \$35,000 in equipment in fiscal 1992. The backup capability is required by federal standards for TEAMS, an on-line eligibility determination system being installed in all counties during the 1993 biennium by the Department of Social and Rehabilitation Services. TEAMS will allow county workers to access the programs on the state mainframe computer via local terminals to determine public assistance benefits eligibility.
- 9) Student Long Distance - In the 1990 fall quarter/senester, the university system, in conjunction with the department, initiated a program offering long-distance telephone services to students living in dormitory housing. Students use the state phone system for long-distance calls, billed at state rates. This modification includes \$647,539 in proprietary funds and 1.0 FTE to administer the software system that collects, costs, and distributes invoices for long-distance usage. Long-distance telephone rates for state agencies are reduced 3 percent in fiscal 1992 and 1993 as a result of increased system usage by students. In fiscal 1990, the department transferred 1.0 FTE to the Telecommunications Bureau to implement this program, in addition to the modified FTE, to manage the Student Long Distance program.
- 10) Telephone System Upgrades - This modification adds \$458,000 in proprietary funds for equipment purchases in the coming biennium to upgrade and maintain telephone switching systems. Upgrades are proposed for the Department of Highways, the Comprehensive State Mutual Insurance Fund, the Armory, the Department of State Lands office in Missoula, Montana State Prison, and Western Montana College.
- 11) HB569 - Family Services Computer System - This budget modification funds 2.0 FTE in fiscal 1992 and 3.0 in fiscal 1993 as well as operating and equipment costs to plan, design, develop, and implement a management information system for the Department of Family Services. The special session of the legislature reduced the appropriation for this system in the Department of Family Services and the system will be developed by DFS staff with back up help from ISD.
- 12) New Postage Machines - The budget modification adds \$13,000 in proprietary funds over the biennium to replace postage machines in the Mail and Distribution Bureau. One replacement machine will be purchased each year.
- 13) Expanded Mail Services - This budget modification adds \$174,087 each year of the biennium to the Mail and Distribution Bureau to cover the cost of outgoing mail services, extended to the Departments of Highways and Health and Environmental Services during the 1991 biennium.
- 14) Employee Newsletter - This budget modification includes \$16,000 in group benefit administration proprietary funds to publish a biannual newsletter to inform employees of benefit changes and other information.
- 15) Combined Campaign - The department coordinates a combined giving campaign in which charities meeting specified criteria can solicit contributions from state employees. The charities will pay a fee to the department for printing, postage, and other operating expenses to distribute informational materials and pledge cards. The cost to operate the combined campaign included is \$20,000 in state special

## DEPARTMENT OF ADMINISTRATION

revenue over the biennium. The department has coordinated the printing with private vendors in fiscal 1991 with charities directly reimbursing printing vendors.

16) Group Insurance Benefits System - The 1989 legislature approved a budget modification to integrate employee benefit information into the computerized central payroll system. The data processing and system development costs of \$58,000 in this budget modification continue system development and operate that portion of the system during the next biennium. The bulk of expenditure (\$34,000) would occur in fiscal 1992 as final system modifications are implemented. The source of authority is proprietary funds. Complete integration of employee benefit information into central payroll will help accurately track employee eligibility for benefits.

17) Professional Development Center - Fees collected by the Professional Development Center, which provides and coordinates management and organizational training, are projected to grow 5 percent annually over the coming biennium. This budget modification includes \$30,292 in proprietary authority to cover the cost of workload growth.

18) HB696 - Genetics Program - This budget modification adds \$20,252 proprietary funds each year of the biennium so that the state employee self-insured health insurance program can pay the 70 cent fee for each Montana resident insured under the group health plan. The fee supports continuation of the statewide genetics program administered by the Department of Health and Environmental Sciences.

19) Risk Management and Tort Defense Contracts - This budget modification adds \$1.0 million in proprietary authority over the biennium to fund contracted legal services. The division contracts with the Department of Justice Agency Legal Services program (ALS) and private attorneys to defend cases when the workload is higher than division staff can support. Since fiscal 1988, actual expenditures for legal services have exceeded the appropriated amount, requiring the division to seek a budget amendment for additional authority. The division projects that the number of legal actions in the 1993 biennium will require continued contracting for services. Contracted legal services may also increase due to the recent program decision to convert a vacant attorney FTE into an accountant position. The Department of Justice estimates that Risk Management and Tort Defense generates 60 percent of ALS revenue. The proposed rate increase for ALS was not communicated to the Tort Claims Division in time to be included in its budget request. Therefore, the current level budget and budget modification for the division will purchase fewer hours of contracted legal services each year of the 1993 biennium than in fiscal 1990, if the ALS proposed rate is adopted. The legislature reduced the contracted services request by \$500,000 each year and added 2.0 FTE to handle some of the legal cases that would otherwise be contracted out.

### Funding

The department is funded with general fund, state special revenue, and proprietary funds. General fund supports the Purchasing program, the State Tax Appeal Board, and portions of the following programs: Director's Office; Accounting and Management Support; General Services; and State Personnel Division.

State special revenue includes the transfer of long-range building funds (capital projects funds) to the Architecture and Engineering Division. Capital projects funds (about \$58,420 annually) pay for special maintenance projects in the General Services Division and provide the cash to transfer to the state special revenue fund that supports Architecture and Engineering.

## DEPARTMENT OF ADMINISTRATION

Proprietary funds support all or a portion of almost every program in the department including: the Director's Office; Accounting and Management Support Division; Printing and Procurement Division; ISD; General Services Division; Central Mail; and the State Personnel Division.

### Other Legislation

Bill No./Description	Fiscal 1992			Fiscal 1993		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
HB30 - Montana Educational Telecommunications Network	1.0	\$300,000	\$450,000	1.0	\$300,000	\$450,000
HB268 - Appellate Defender Commission	2.0	50,000	50,000	2.0	100,000	100,000
HB509 - State Employee Pay Plan*		64,200	64,200			Unknown
HB746 - Monument and Flag Circle to Honor American Indians						
Totals	3.0	\$414,200	\$564,200	3.0	\$400,000	\$550,000

\* The appropriation is biennial.

HB30 - Montana Educational Telecommunications Network - This bill appropriates up to \$300,000 general fund to the Information Services Division each year of the biennium if cash or equipment in the amount of \$150,000 is available each year from other or federal funds. If matching funds are not available, the general fund appropriation is reduced in proportion to the other funds availability and the reduction must revert to the general fund. The division is also appropriated an amount equal to administrative costs for technical support for the network; development of standards of compatibility for the network; assistance with procurement, installation, maintenance, and operation of end-terminal equipment and facilities of the network; and maintenance of cost and usage records and a billing system for user agencies.

HB268 - Appellate Defender Commission - This bill establishes an Appellate Defender Commission that is administratively attached to the Department of Administration. The commission is appropriated \$50,000 in fiscal 1992 and \$100,000 in fiscal 1993 from the assessments levied on vehicles by counties and remitted to the state to fund district court criminal reimbursement costs (Section 3-5-901(2), MCA). The appropriation for the commission must be funded prior to reimbursement of district court criminal costs if the funds from vehicle assessments are insufficient to pay district court criminal costs. The commission consists of five members appointed by the Governor who serve three-year staggered terms. An office of appellate defender is created to staff the commission and to carry out other duties assigned by law. The commission is to develop a system of indigent appellate defense services, propose to the Supreme

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## DEPARTMENT OF ADMINISTRATION

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Court minimum standards for all trial and appellate public defenders, and compile and keep current a statewide roster of attorneys eligible for appointment as appellate defense counsel for indigent defendants. The act terminates July 1, 1993. The special session reduced the fiscal 1992 appropriation from \$100,000 to \$50,000 since the commission had not been operational for the full year.

HB509 - State Employee Pay Plan - The Personnel Division was appropriated \$73,200 general fund over the biennium to make necessary changes to the payroll, personnel, and position control system to implement the provisions of House Bill 509. The special session reduced the appropriation by \$9,000, the estimated savings from the first segment of required programming changes.

HB746 - Monument and Flag Circle to Honor American Indians - This bill provides a language appropriation allowing the Department of Administration to accept and expend private donations to construct a monument and flag circle in the capitol complex to honor American Indians.

## DIRECTOR'S OFFICE

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	7.00	7.00		7.00	7.00	7.00		7.00
Personal Services	261,988	261,988	13,499	275,487	261,363	261,363	21,997	283,360
Operating Expenses	29,078	29,078	0	29,078	28,594	28,594	0	28,594
Equipment	2,860	603	0	603	0	0	0	0
Total Costs	\$293,926	\$291,669	\$13,499	\$305,168	\$289,957	\$289,957	\$21,997	\$311,954
<u>Fund Sources</u>								
General Fund	232,354	230,097	9,757	239,854	229,139	229,139	15,736	244,875
Proprietary Fund	61,572	61,572	3,742	65,314	60,818	60,818	6,261	67,079
Total Funds	\$293,926	\$291,669	\$13,499	\$305,168	\$289,957	\$289,957	\$21,997	\$311,954

### Program Description

The Director's Office is responsible for overall supervision and coordination of eight divisions within the agencies and five administratively attached boards and agencies. The staff provides legal services, internal management reviews, and assistance in special projects.

### Special Session Action

The special session eliminated all unexpended general fund authority for equipment purchases. The Director's Office general fund appropriation was reduced \$2,257 in fiscal 1992.

### Budget as Approved by the Regular 1991 Legislative Session

FTE decline by 1.0 position that was transferred to the Telecommunications Program to manage the accounting functions for the student long distance program.



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## DIRECTOR'S OFFICE

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Personal services increase 30.7 percent due to: 1) an increase of \$100 annually for per diem reimbursement for members of the capital finance advisory board; 2) vacancy savings in fiscal 1990; and 3) continuation of the fiscal 1991 pay plan in the 1993 biennium.

The operating budget increases 4.8 percent due to fixed cost and inflationary adjustments.

Current level equipment includes software upgrades.

### Funding

General fund supports the largest share of program costs. Proprietary funds reflect charges to programs within the department that receive legal services. Proprietary funds support 1.5 attorney FTE and operating costs.

## GOVERNOR-ELECT PROGRAM

<u>Budget Item</u>	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	.00	.00		.00	.00	.00		.00
Total Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Fund Sources</u>								
Total Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

## Program Description

The Governor-Elect program is to provide support to the Governor-elect and staff for the period between the general election and the inauguration. Necessary funds are to be included in the Department of Administration budget request in the regular session immediately prior to a general election when a Governor is elected (Section 2-15-221, MCA).

## Language

"The Governor-Elect program is appropriated all necessary expenses, up to \$50,000 from the general fund in fiscal 1993, to implement the provisions of 2-15-221."

## Budget as Approved by the Regular 1991 Legislative Session

The legislature included a language appropriation in House Bill 2 allowing an expenditure of up to \$50,000 general fund in the Governor-Elect program in fiscal 1993.

## Funding

The Governor-Elect program is supported by general fund.

## ACCOUNTING PROGRAM

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	24.25	24.25		24.25	24.25	24.25		24.25
Personal Services	684,188	684,188	45,793	729,981	683,313	683,313	74,359	757,672
Operating Expenses	395,159	382,769	0	382,769	351,171	335,461	0	335,461
Equipment	9,760	0	0	0	0	0	0	0
Total Costs	\$1,089,107	\$1,066,957	\$45,793	\$1,112,750	\$1,034,484	\$1,018,774	\$74,359	\$1,093,133
<u>Fund Sources</u>								
General Fund	1,059,757	1,037,607	43,866	1,081,473	1,005,187	989,477	71,295	1,060,772
Proprietary Fund	29,350	29,350	1,927	31,277	29,297	29,297	3,064	32,361
Total Funds	\$1,089,107	\$1,066,957	\$45,793	\$1,112,750	\$1,034,484	\$1,018,774	\$74,359	\$1,093,133

### Program Description

The Accounting and Management Support Division is organized into two bureaus and one unit. The Accounting Bureau maintains the Statewide Budgeting and Accounting System, establishes state accounting policies and procedures, and prepares the state Comprehensive Annual Financial Report. The Management Support Bureau, formerly the Centralized Services Division, was combined with the Accounting Division in fiscal 1990. The bureau provides financial, budgeting, and accounting support services to all department programs and manages the State Treasury. The Personnel unit administers personnel and payroll functions for the department.

### Special Session Action

The Accounting and Management Support Division will no longer print a backup copy of daily SBAS transaction and appropriation reports, will print fewer hard copies of supplemental finance schedules, and will substitute microfiche copies instead. This proposal is expected to save \$20,000 general fund over the biennium.

The division will no longer contract for the services of an input/output operator from the Information Services Division (ISD) during the daytime. Other program staff will assume the duty of providing the mainframe computer with daily instructions to operate Accounting and Management Support Division systems including SBAS. This reduction is expected to generate \$8,000 general fund savings over the biennium.

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## ACCOUNTING PROGRAM

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The special session eliminated all unexpended general fund authority for equipment purchases. The division general fund appropriation was reduced \$9,760 in fiscal 1992.

### Budget as Approved by the Regular 1991 Legislative Session

FTE decline by 0.75 due to the transfer of the FTE to the Central Mail Bureau.

Personal services increase 14.4 percent, despite the decrease in FTE, due to: 1) vacancy savings in fiscal 1990; and 2) continuation of the fiscal 1991 pay plan in the 1993 biennium.

The fiscal 1992 operating budget declines 2.3 percent from fiscal 1990 expenditures, due to the net impact of: 1) increased computer processing charges which add \$7,324 in fiscal 1992 and \$13,563 in fiscal 1993; 2) the legislative audit in fiscal 1992 of \$31,568 compared to an expenditure in fiscal 1990 of the full biennial audit cost of \$24,904; and 3) other fixed cost and inflationary adjustments. Operating cost increases are offset by reductions in mainframe computer processing costs of about \$26,000 in fiscal 1992 and \$33,000 in fiscal 1993.

Equipment includes software upgrades.

### Funding

General fund supports all division costs, except 1.0 FTE and operating costs which are funded by investment proprietary funds.

## ARCHITECTURE & ENGINEERING PROGRAM

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	15.00	15.00		15.00	15.00	15.00		15.00
Personal Services	463,646	463,646	30,990	494,636	463,904	463,904	50,095	513,999
Operating Expenses	311,973	311,973	0	311,973	325,122	325,122	0	325,122
Equipment	2,505	2,505	0	2,505	2,500	2,500	0	2,500
Transfers	673,468	673,468	0	673,468	682,019	682,019	0	682,019
Total Costs	\$1,451,592	\$1,451,592	\$30,990	\$1,482,582	\$1,473,545	\$1,473,545	\$50,095	\$1,523,640
<u>Fund Sources</u>								
State Revenue Fund	736,344	736,344	30,990	767,334	747,323	747,323	50,095	797,418
Capital Projects Fund	715,248	715,248	0	715,248	726,222	726,222	0	726,222
Total Funds	\$1,451,592	\$1,451,592	\$30,990	\$1,482,582	\$1,473,545	\$1,473,545	\$50,095	\$1,523,640

### Program Description

The Architecture and Engineering Division manages remodeling and construction of state buildings. Functions include overseeing the architect/engineer interview and selection process; planning both new and remodeling projects; administering and coordinating plan reviews; administering contracts with architects, engineers, and contractors; advertising, bidding, and awarding construction contracts; disbursing building construction payments; and providing design services for small projects. The division also formulates a long-range building plan for legislative consideration each session.

### Budget as Approved by the Regular 1991 Legislative Session

FTE decrease 0.25 as the position was vacant throughout fiscal 1990 and transferred to the Central Mail program.

Personal services increase 9.5 percent due to vacancy savings in fiscal 1990 and continuation of the fiscal 1991 pay plan in the 1993 biennium. This program is exempted from the personal services reduction in state special revenue contingent on passage and approval of House Bill 5.

The operating budget increases 210.2 percent. Insurance premiums account for part of the operating cost increase, rising from an actual cost of \$1,142 in fiscal 1990 to a budgeted cost of \$83,509 in fiscal 1992 and \$88,594 in fiscal 1993. The state lost a lawsuit against

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## ARCHITECTURE & ENGINEERING PROGRAM

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the program in 1989, causing insurance premiums to rise. Premiums are expected to remain near those levels for about five years. Other operating cost increases approved by the legislature are: 1) budget modifications which add \$62,876 in fiscal 1992 and \$65,304 in fiscal 1993; 2) an increase in contracted legal services of \$4,000 each year, to support the proprietorially funded attorney FTE in the Director's Office; 3) an increase in printing of \$4,000 in fiscal 1993 to print the long range building program; 4) an increase of \$2,482 in travel each year; 5) network services fees, which add \$1,921 each year; 6) an increase in photocopy expenses of \$1,500 each year; 7) an increase in legislative audit costs of about \$1,000 over actual fiscal 1990 expenditures; 8) an increase in office equipment maintenance of \$875 each year; and 9) other fixed cost and inflationary adjustments.

Equipment includes a personal computer each year of the biennium.

Transfers include the cash moved from the long-range building cash account to the state special revenue fund that pays operating and personal services costs.

### Funding

The program is funded from the long-range building cash account. This account receives 29.11 percent of the cigarette tax, interest from investments, and the supervisory fees which the division collects for assisting with building projects other than those authorized as part of the Long Range Building program. The amount needed to operate the division is transferred from the long range building cash account to the state special revenue account. The fiscal 1990 expenditures are not equally divided between state special revenue and the capital projects fund, as there was cash remaining in the state special revenue fund from fiscal 1989 and, therefore, not as much transfer authority was needed or used in fiscal 1990.

The Capitol Restoration Commission is funded by state special revenue consisting of donations from the private sector.

## PROCUREMENT & PRINTING DIVISION

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	58.50	58.50		58.50	62.50	62.50		62.50
Personal Services	1,441,093	1,430,993	111,715	1,542,708	1,519,145	1,512,604	187,454	1,700,058
Operating Expenses	8,372,776	8,372,776	0	8,372,776	8,709,666	8,709,666	0	8,709,666
Equipment	111,573	109,573	0	109,573	77,254	75,254	0	75,254
Debt Service	126,528	126,528	0	126,528	126,528	126,528	0	126,528
Total Costs	\$10,051,970	\$10,039,870	\$111,715	\$10,151,585	\$10,432,593	\$10,424,052	\$187,454	\$10,611,506
<u>Fund Sources</u>								
General Fund	420,824	408,724	21,659	430,383	421,166	412,625	34,664	447,289
Proprietary Fund	9,631,146	9,631,146	90,056	9,721,202	10,011,427	10,011,427	152,790	10,164,217
Total Funds	\$10,051,970	\$10,039,870	\$111,715	\$10,151,585	\$10,432,593	\$10,424,052	\$187,454	\$10,611,506

### Program Description

The Procurement and Printing Division has three bureaus that manage specific division activities. The Publications and Graphics Bureau provides printing, duplicating, computerized typography, layout and design, graphic and illustrative art, forms design, photo-reprographics, binding and quick copy, and photocopier pool services for state agencies. The Property and Supply Bureau purchases, stocks, and sells office supplies, paper, janitorial supplies, and packaged computer software to state agencies and administers the sale of state and federal surplus property no longer needed by state agencies. The Purchasing Bureau manages the centralized purchasing for state agencies. The bureau investigates possible sources for products, determines alternate product possibilities, prepares specifications, and enforces the terms and conditions outlined in purchase orders. The bureau provides technical assistance to and ensures compliance with purchasing law and rule for agencies with delegated purchasing authority.

### Special Session Action

Vacant positions in the Procurement and Printing Division will be held open longer to generate vacancy savings above the amount included in House Bill 2. The program projects a biennial general fund savings of \$16,641.

The special session eliminated all unexpended general fund authority for equipment purchases. The Procurement and Printing Division general fund appropriation was reduced \$2,000 each year of the biennium.

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## PROCUREMENT & PRINTING DIVISION

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A transfer of \$46,000 of photocopy pool proprietary funds will be deposited to the general fund each year of the biennium.

### Legislative Intent

"Funds appropriated for private vendor pass-through printing of \$3,412,515 in fiscal 1992 and \$3,543,765 in fiscal 1993 are not to be used for any other purpose." Pass-through printing are jobs let to private firms."

"The department of administration shall to transfer to the general fund from photocopy pool proprietary funds \$46,000 each year of the biennium."

### Budget as Approved by the Regular 1991 Legislative Session

FTE increase a net of 3.0 positions due to: 1) 4.0 FTE added to continue the expanded federal surplus property program, authorized by House Bills 691 and 772 passed by the 1989 legislature (not reflected in the 1990 totals); and 2) 1.0 FTE transferred from the Property and Supply Bureau to the Information Services Division to manage the term contract for computer equipment. FTE increase between fiscal 1992 and 1993, since a cyclical adjustment adds 4.0 FTE in fiscal 1993 to manage the printing workload generated by the legislative session.

Personal services increase 20.5 percent due to: 1) the federal surplus property program (which is not reflected in fiscal 1990 costs) adds \$98,287 in fiscal 1992 and \$98,063 in fiscal 1993; 2) vacancy savings in fiscal 1990; and 3) continuation of the fiscal 1991 pay plan.

The operating budget increases 13.8 percent and equipment declines 3.1 percent. Changes in each of these categories are shown for each program in the Procurement and Printing Division (see the following table).

Debt service increases 357.9 percent to finance 12 copiers located throughout state agencies and a Xerox 9500 machine. Debt service is funded through agency photocopy fees for use of photocopy pool machines. The photocopy pool is managed by the Publications and Graphics Bureau.



## PROCUREMENT & PRINTING DIVISION

Table 1  
Procurement and Printing Division 1993 Biennium Budget Compared To Fiscal 1990 Actual Expenditures

<u>Section/Expenditure</u>	<u>Fiscal 1990 Actual</u>	<u>Legislature Fiscal 1992</u>	<u>Fiscal 1993</u>	<u>Percent Change 1990 to 1992</u>
Publication and Graphics				
FTE	26.83	26.33	30.33	-0.5
Proprietary	\$5,161,713	\$5,497,464	\$5,802,647	6.50%
Property and Supply				
FTE	16.34	19.84	19.84	3.5
Proprietary	\$3,151,747	\$4,133,682	\$4,208,780	31.16%
Purchasing				
FTE	12.33	12.33	12.33	0.0
General Fund	\$381,427	\$420,824	\$421,166	10.33%
Total				
FTE	55.50	58.50	62.50	3.0
General Fund	\$381,427	\$420,824	\$421,166	10.33%
Proprietary	8,313,460	9,631,146	10,011,427	15.85%
Total	\$8,694,887	\$10,051,970	\$10,432,593	15.61%

The Publications and Graphics Bureau budget increases 6.5 percent from fiscal 1990 to fiscal 1992. Fiscal 1992 FTE are lower than in fiscal 1990 as a 0.5 FTE programmer analyst was transferred to the Property and Supply Bureau, while FTE increase by 4.0 in fiscal 1993 due to the printing workload associated with the legislative session. Personal services costs increase by \$74,566 in fiscal 1992 and \$157,006 in fiscal 1993 due to: 1) additional overtime expenditures of \$6,467 in fiscal 1992 and \$21,939 in fiscal 1993; 2) the cyclical cost effects of the legislative session in fiscal 1993; 3) vacancy savings in fiscal 1990; and 4) continuation of the fiscal 1991 pay plan in the 1993 biennium.

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## PROCUREMENT & PRINTING DIVISION

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Publications and Graphics Bureau operating cost increases include: 1) pass through printing of \$131,251 in fiscal 1992 and \$262,501 in fiscal 1993; 2) paper for resale of \$57,126 in fiscal 1992 and \$124,381 in fiscal 1993; 3) maintenance costs of \$11,971 in fiscal 1992 and \$23,941 in fiscal 1993; 4) the fiscal 1992 biennial appropriation for the legislative audit of \$9,246 compared to fiscal 1990 expenditures of \$2,104 and a 1991 biennium appropriation of \$9,692; and 5) other fixed cost and inflationary adjustments. Costs in fiscal 1993 are generally higher due to cyclical adjustments for the legislative session. Equipment includes replacement of a hot glue binder, two single-headed duplicators in fiscal 1992, and a duplicating system and software upgrade in fiscal 1993. Debt service includes funds to replace 12 copiers located in various state agencies and a Xerox 9500 copy machine.

The Property and Supply Bureau budget increases 31.2 percent from fiscal 1990 to fiscal 1992. The net increase of 3.5 FTE results from: 1) the transfer of a 1.0 FTE warehouse worker to Information Services Division to manage the computer term contract; 2) the transfer of 0.5 FTE programmer analyst from the Publications and Graphic Bureau; and 3) 4.0 FTE authorized for the federal surplus property program by the 1989 legislature, which are not included in the fiscal 1990 column. Personal services increase from fiscal 1990 by \$129,926 in fiscal 1992 and \$129,249 in fiscal 1993 due to the federal surplus property positions not being filled most of fiscal 1990, other vacancies in fiscal 1990, and continuation of the fiscal 1991 pay plan in the 1993 biennium.

Property and Supply Bureau operating costs increase due to: 1) goods for resale of \$229,510 in fiscal 1990 and \$341,985 in fiscal 1993; 2) a budget modification for expansion in the federal surplus property program which adds \$87,000 each year; 3) an expansion in the current level federal surplus property program which adds \$13,624 in fiscal 1992 and \$12,435 in fiscal 1993; 4) legislative audit costs of \$9,246 in fiscal 1992 compared to expenditures of \$2,014 in fiscal 1990 and a 1991 biennium appropriation of \$6,380; 5) travel and utilities costs each year of \$2,016 and \$2,748 respectively; and 6) other fixed cost and inflationary adjustments (\$275,000 each year). Equipment includes replacement of a delivery truck and pallet jack in fiscal 1992 for a total cost of \$38,000.

The Purchasing program increases 10.3 percent between fiscal 1990 and 1992 due to: 1) increases in personal services of about \$45,070 in fiscal 1990 and \$44,703 in fiscal 1992 due to vacancy savings in fiscal 1990 and continuation of the fiscal 1991 pay plan in the 1993 biennium; 2) addition of overtime of \$1,367 each year; 3) addition of network fees of \$4,258 each year; and 4) other fixed cost and inflationary adjustments.

### Funding

The Publications and Graphics and Property and Supply bureaus are funded with proprietary funds through sale of goods or services to other state agencies and local governments. The Purchasing program is funded by general fund.

## INFORMATION SERVICES DIVISION

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	121.14	121.14		121.14	121.14	121.14		121.14
Personal Services	3,928,166	3,928,166		4,161,590	3,926,313	3,926,313	374,826	4,301,139
Operating Expenses	8,693,761	8,693,761	233,424	8,693,761	8,727,321	8,727,321	0	8,727,321
Equipment	1,634,162	1,634,162	0	1,634,162	1,597,044	1,597,044	0	1,597,044
Debt Service	4,709,119	4,709,119	0	4,709,119	4,162,469	4,162,469	0	4,162,469
Total Costs	\$18,965,208	\$18,965,208	\$233,424	\$19,198,632	\$18,413,147	\$18,413,147	\$374,826	\$18,787,973
Fund Sources								
Proprietary Fund	18,965,208	18,965,208	233,424	19,198,632	18,413,147	18,413,147	374,826	18,787,973
Total Funds	\$18,965,208	\$18,965,208	\$233,424	\$19,198,632	\$18,413,147	\$18,413,147	\$374,826	\$18,787,973

### Program Description

The Information Services Division manages central data processing services and telephone communications for state government. Centralized data processing services include: 1) central mainframe computer processing; 2) shared statewide data communications network services accessing the central mainframe; 3) data processing planning, coordination, and control of equipment and software acquisitions; 4) design, development, and continuous maintenance support of data processing applications; 5) data processing training; 6) microcomputer and office automation support and consultation; and 7) disaster recovery facilities for critical data processing applications. Telecommunications services include: 1) local and long distance telephone networking; 2) design and development of telephone equipment, networking applications, and other telecommunications needs; 3) management of the statewide 911 emergency telephone number program; and 4) radio frequency coordinating liaison with local government. The division also manages record storage and microfilming services.

### Special Session Action

A one-time transfer of \$100,000 proprietary funds from the computer services and telecommunications accounts to the general fund will be made in fiscal 1992. These funds are payments from state agencies for computer and telecommunications services. Consolidation of the computer services and telecommunications internal service accounts has improved cash flow, which reduces capital reserve requirements, allowing the transfer of funds, according to department staff.

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## INFORMATION SERVICES DIVISION

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### Language

"The department of administration shall transfer to the general fund from computer services and telecommunications proprietary funds \$100,000 in fiscal 1992."

### Legislative Intent

#### All Division Programs

The department is directed to submit the Information Services Division (ISD) 1995 biennium budget request in separate components with a component for each bureau within the division, showing actual expenditures and the budget request.

#### Computer Services Program

It is the intent of the legislature that the department reduce 1.0 grade 16 step 2 FTE by 0.5 in the Application Services Bureau 1995 biennium budget request to reflect the level of ongoing support necessary for the Regents' Employees Reporting System (RERS).

It is the intent of the legislature that the biennial appropriation of \$200,000 for contracted services for computer system development not be used for any other services.

### Budget as Approved by the Regular 1991 Legislative Session

#### Computer Services Program

FTE decline a net of 16.45 between fiscal 1990 and 1992. Budget modifications add 5.0 FTE in fiscal 1992 and 6.0 in fiscal 1993, and 1.0 FTE was transferred to Computer Services from the Purchasing Bureau to manage the computer purchasing term contract. The offsetting 22.45 FTE reduction includes: 1) the State Agency Records Management program (8.25 FTE) was transferred by the 1991 legislature to the Secretary of State's Office; 2) 11.2 data entry FTE are removed due to privatization of the service; 3) 2.0 FTE are removed per intent of the 1989 legislature as SBAS on-line edit and entry reduced workload; and 4) 1.0 FTE was transferred to the Telecommunications Bureau.

Personal services increase 1.8 percent despite the decline in FTE due to: 1) budget modifications which add \$151,883 in fiscal 1992 and \$179,315 in fiscal 1993; 2) grade and step changes authorized to recruit and retain staff; 3) vacancy savings in fiscal 1990; and 4) continuation of the fiscal 1991 pay plan in the 1993 biennium.

The operating budget increases 67.6 percent due to: 1) budget modifications, which add \$514,600 in fiscal 1992 and \$504,200 in fiscal 1993; 2) software replacement and rental of \$405,303 in fiscal 1990 and \$490,122 in fiscal 1993, as such activity had been curtailed in fiscal 1990 due to cash flow deficiencies and delay in TEAMS (automated eligibility determination system to be installed in all

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## INFORMATION SERVICES DIVISION

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county welfare offices); 3) increased data entry contracts of \$151,800 per year; 4) authorization of a \$200,000 biennial appropriation for contract system development if necessary; 5) an increase of about \$104,000 in fiscal 1992 and \$223,000 in fiscal 1993 to fund software upgrades; 6) an increase in communications to fund local and long distance data circuits of \$77,412 in fiscal 1992 and \$79,032 in fiscal 1993; 7) the legislative audit in fiscal 1992 of \$38,420 compared to a fiscal 1990 expenditure of \$22,917; and 8) other fixed cost and inflationary adjustments. Transfer of the state agency Records Management program to the Secretary of State's Office reduces operating costs about \$98,000 each year.

Budget modifications add \$1,287,405 in equipment over the biennium to fund an upgrade to the computer that operates the Criminal Justice Information Network and the Montana Motor Vehicle Registration System, computers and other equipment for the expansion in network services. Equipment also includes: upgrades for software packages run on the state mainframe; replacement of disk drives and magnetic tape drives; upgrades to the diagnostic equipment for data network line and protocol problems; network software, modems, and network components; and an upgrade to the Justice computer controller (unrelated to the budget modification).

Transfers are not included in House Bill 2 for the 1993 biennium. Fiscal 1990 transfers included a biennial appropriation of general fund (\$625,000) to study and implement a uniform position/payroll/personnel system for the university system (RERS). Generally accepted accounting principles direct the transfer to properly record such expenditures. Ongoing RERS expenditures will be funded by payments from the university system to Computer Services.

Debt service funds new and existing equipment acquisitions, including \$300,000 each year added by a budget modification to upgrade the state mainframe computer.

The legislature passed House Joint Resolution 48 directing the Legislative Finance Committee to study the responsibilities of the department in data processing systems for state government, major applications of computer systems in state government, and the financing of data processing systems and services.

### Telecommunications Program

FTE increase by 3.0 positions due to: 1) a budget modification which adds 1.0 FTE; 2) transfer of 1.0 FTE from the Director's Office to manage the accounting for university student long distance service implemented in the fall of 1990; and 3) transfer of 1.0 FTE from the Computer Services Bureau.

Personal services increase 12.5 percent due to: 1) a budget modification which adds 1.0 FTE and \$31,356 in fiscal 1992 and \$31,284 in fiscal 1993; 2) transfer of 2.0 FTE from other programs; 3) vacancy savings in fiscal 1990; and 4) continuation of the fiscal 1991 pay plan in the 1993 biennium.

The operating budget increases 6.4 percent due to: 1) two budget modifications, which add \$374,412 in fiscal 1992 and \$349,487 in fiscal 1993; 2) the legislative audit in fiscal 1992 of \$19,720, compared to fiscal 1990 expenditures of \$5,530 and a 1991 biennial appropriation of \$17,484; and 3) other fixed cost and inflationary adjustments. Operating cost increases were offset by reductions of \$101,589 in fiscal 1992 and \$97,805 in fiscal 1993 due to legislative approval of the expenditure level included in the Executive Budget, which was based on the fiscal 1991 appropriation rather than actual expenditures in fiscal 1990 (which were higher).

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## INFORMATION SERVICES DIVISION

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Equipment includes replacement of communication and computer equipment. A budget modification adds \$229,000 each year to upgrade and maintain telephone switching systems.

Capital outlay represents a one-time remodeling cost. Debt service includes payments for telephone and computer equipment which decline in fiscal 1993 due to completion of payments to the reserve account for telephone equipment lease participation certificates.

House Bill 30 passed by the legislature creates an educational telecommunications network. The bill appropriates funds to the Information Services Division to manage the network (see the agency narrative for a more detailed description of the legislation). The division is also appropriated operating expenses from fees assessed higher education students and a fee of \$1 per ANB appropriated from the state equalization aid account. In addition, the division is appropriated \$300,000 general fund each year of the biennium contingent on the availability of \$150,000 each year in cash or equipment funded by federal or other funds. If such matching funding is not available, the general fund appropriation is reduced in proportion to the amount of matching funds available, with the balance of the appropriation to be reverted to the general fund. The fiscal note anticipates that ISD would hire 1.0 additional FTE to administer the provisions of House Bill 30.

### Emergency 9-1-1 Program

Personal services decrease 0.1 percent due to application of 4 percent vacancy savings.

The operating budget decreases 59.8 percent to keep program costs within the available revenue. The program is funded from a portion of the monthly 25 cent fee assessed on telephone subscribers across the state. The program may expend 7.0 percent of the quarterly fee collections or actual expenses (whichever is less) to administer this activity. For budgeting purposes, it is assumed that revenue is generated in equal quarterly installments. The assessment is estimated to generate \$1,122,942 in fiscal 1992 and \$1,139,227 in fiscal 1993. Seven percent of that amount is \$78,606 and \$79,746 respectively. The program expended \$3,167 more than the seven percent allocation of the phone tax revenue in fiscal 1990. The program used funds from the Computer Services appropriation to cover the shortfall.

### Funding

The Computer Services and Telecommunications programs are supported by proprietary fees.

The Emergency 9-1-1 program is funded from a portion of the monthly 25 cent fee assessed on telephone subscribers across the state to implement emergency 9-1-1 telephone service.

## GENERAL SERVICES PROGRAM

<u>Budget Item</u>	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	20.00	20.00		20.00	20.00	20.00		20.00
Personal Services	590,196	590,196	35,648	625,844	592,498	592,498	56,620	649,118
Operating Expenses	3,103,794	3,073,794	0	3,073,794	3,194,929	3,164,929	0	3,164,929
Equipment	6,000	6,000	0	6,000	5,184	5,184	0	5,184
Transfers	58,801	58,801	0	58,801	58,801	58,801	0	58,801
Total Costs	\$3,758,791	\$3,728,791	\$35,648	\$3,764,439	\$3,851,412	\$3,821,412	\$56,620	\$3,878,032
<u>Fund Sources</u>								
General Fund	382,833	352,833	3,997	356,830	393,573	363,573	6,388	369,961
Capital Projects Fund	58,419	58,419	0	58,419	58,426	58,426	0	58,426
Proprietary Fund	3,317,539	3,317,539	31,651	3,349,190	3,399,413	3,399,413	50,232	3,449,645
Total Funds	\$3,758,791	\$3,728,791	\$35,648	\$3,764,439	\$3,851,412	\$3,821,412	\$56,620	\$3,878,032

### Program Description

The General Services Division manages repair and maintenance services for state agencies in the capitol complex and several state-owned buildings in the Helena area (Section 2-17-111, MCA). The program also provides locksmith services, painting, remodeling, and construction services. The program supervises contracts for services for state-owned buildings, including mechanical maintenance, pest control, janitorial services, elevator repair, security, maintenance, and garbage collection.

### Special Session Action

General Services Division has reduced general surveillance by 38 hours per week (about one full time security guard). Maintenance projects will be curtailed. These actions are expected to save \$60,000 general fund over the biennium.

### Language

"Funds remaining in the capitol land grant account of the capital projects fund, after the appropriations are met for the general services division of the department of administration and any projects provided for in House Bill 5, are appropriated to the long-range

## GENERAL SERVICES PROGRAM

building debt service fund for the payment of principal and interest on bond issues for public buildings at the capitol for executive, legislative, and judicial purposes, as outlined in section 12 of the Enabling Act. This appropriation is for the biennium ending June 30, 1993, and is not to exceed the annual debt service required on these bonds."

"The appropriation in [General Services program] in the other column includes \$58,801 in fiscal 1992 and \$58,801 in fiscal 1993 from the capital projects fund."

"In [the General Services program], the department may charge a maximum of \$3.28 per square foot in fiscal 1992 and \$3.34 per square foot in fiscal 1993 for office space in state-owned buildings."

"[The appropriation for utilities costs] may only be used to pay utilities costs."

### Budget as Approved by the Regular 1991 Legislative Session

FTE decline 25.0 positions due to contracting with private firms for the provision of janitorial and capitol security services. Beginning in fiscal 1990, the division reduced 15.0 FTE and contracted with vendors to provide janitorial services in the capitol complex. In early fiscal 1991, the division eliminated 10.0 FTE and contracted for the provision of security services in the capitol complex. These changes were authorized by Section 7 of House Bill 100, which allows agencies to move personal services funds to contracted services if the same functions can be provided at a lower cost. The Legislative Auditor estimates that cost savings realized from contracting these services will be \$302,492 during the 1993 biennium.

Personal services decrease 18.1 percent due to reductions in FTE and application of 4 percent vacancy savings.

The operating budget increases 16.8 percent due to: 1) contracted services of \$147,493 each year for capitol security services; 2) an increase in contracted janitorial services of \$73,803 in fiscal 1992 and \$262,792 in fiscal 1993 (the higher cost in the second year is due to additional services required during the legislative session and inflationary increases in the price of contracts); 3) utility costs of \$94,182 in fiscal 1992 and \$94,938 in fiscal 1993, intended to compensate for a utilization increase in electricity and to allow additional utilities funds; 4) an increase of \$11,038 each year for supplies; 4) the legislative audit in fiscal 1992 of \$7,672 compared to actual expenditures of \$1,996 in fiscal 1990 and a 1991 biennium appropriation of \$6,309; 5) an increase of \$5,536 per year in travel for the lease facility manager who provides assistance to state agencies outside of the capitol complex in securing office space; and 6) other fixed cost and inflationary adjustments, including utilities which adds \$58,205 in 1992 and \$77,594 in fiscal 1993. An accounting adjustment, required by generally accepted accounting principles, and necessary to move the general fund into the proprietary program, adds \$129,423 in fiscal 1992 and \$140,180 in fiscal 1993. Operating cost increases are partially offset by a reduction to the fiscal 1990 base of \$143,854 to remove one-time expenditures for repair and maintenance and contracted services. The legislature directed that funds appropriated for utility costs not be expended for any other costs.

Equipment includes a sound system, replacement chairs and a conference table, two personal computers, and software upgrades.



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## GENERAL SERVICES PROGRAM

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Transfers move capital projects fund into the proprietary operation. Generally accepted accounting principles direct this transfer to properly record proprietary funded operations.

### Funding

Program funding is a combination of general fund, capital projects funds, and proprietary funds. Authority from the capital building account (\$58,419) in the capital projects fund is appropriated to the division in lieu of charging agencies for services. These funds are used to support capital building maintenance projects, prioritized and approved by the department director. In fiscal 1990, the cost of such maintenance projects was slightly less than the \$58,801 appropriation.

General fund is appropriated to the division in lieu of charging agencies for the "common areas" in the capitol complex, such as legislative space in the capitol, museum space in the Historical Society, and the Governor's executive residence. The general fund amount is calculated at 12 percent of operating costs after deducting the operating transfer for capitol land grant funds, the expenditure authority for the capitol land grant funds, and expenditure authority for the special projects, but not including any proposed pay plan increases.

General fund is transferred to the proprietary account as rental expense, which is done to comply with generally accepted accounting principles. The general fund expenditure was \$255,915 in fiscal 1990, 33 percent less than appropriated. The under expenditure was due primarily to utilities costs that were lower than budgeted. The general fund allocation remains at 12 percent of costs after other deductions, and increases between fiscal 1990 and 1992 due to the overall budget increase and under-expenditure of the appropriated amount in fiscal 1990.

The primary proprietary funding source is rental income from state agencies, deposited to the proprietary account. The rental rate is assessed against the square footage of space occupied by each agency. The rate is based on the operating costs of the division (before pay plan), less the other funding sources. The remaining operating costs are then divided by the occupied square footage in the capitol complex (848,440 square feet) to determine the rate per square foot.

The second proprietary funding source is direct reimbursement from agencies for special projects, apart from routine maintenance. If special project costs are not incurred, the revenue will not be received. The legislature authorized a funding and expenditure level of \$60,000 for projects funding compared to the amount appropriated by the 1989 legislature of \$50,000.

## MAIL & DISTRIBUTION BUREAU

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	11.25	11.25		11.25	11.25	11.25		11.25
Personal Services	214,324	214,324	19,813	234,137	218,151	218,151	30,998	249,149
Operating Expenses	1,602,975	1,602,975	0	1,602,975	1,598,170	1,598,170	0	1,598,170
Equipment	6,500	6,500	0	6,500	6,500	6,500	0	6,500
Total Costs	\$1,823,799	\$1,823,799	\$19,813	\$1,843,612	\$1,822,821	\$1,822,821	\$30,998	\$1,853,819
<u>Fund Sources</u>								
Proprietary Fund	1,823,799	1,823,799	19,813	1,843,612	1,822,821	1,822,821	30,998	1,853,819
Total Funds	\$1,823,799	\$1,823,799	\$19,813	\$1,843,612	\$1,822,821	\$1,822,821	\$30,998	\$1,853,819

### Program Description

The Central Mail Bureau manages central mail service for state agencies (Section 2-17-301, MCA). Both incoming U.S. mail and inter-office mail are routed and delivered by this bureau, which also picks up and processes outgoing mail for user agencies. The program manages the post office in the capitol building.

### Language

"The department may charge a maximum overhead rate of 6 percent each year in [the Mail and Distribution program]." Overhead is the mark-up above the cost of a presorted first-class bulk mail rate that agencies must pay to Central Mail for services.

### Budget as Approved by the Regular 1991 Legislative Session

FTE increase 1.5 due to transfers from the following programs: 1) 0.75 FTE from Accounting and Management Support; 2) 0.5 from State Tax Appeal Board; and 3) 0.25 from the Architecture and Engineering Division.

Personal services increase 13.7 percent due to: 1) the transfer of FTE from other programs, which adds \$27,074 in fiscal 1992 and \$27,072 in fiscal 1993; 2) approval of overtime expenditures of \$771 in fiscal 1992 and \$4,457 in fiscal 1993 (fiscal 1993 is higher

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## MAIL & DISTRIBUTION BUREAU

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due to the capitol post office being open more hours during the legislative session); 3) vacancy savings in fiscal 1990; and 4) continuation of the fiscal 1991 pay plan.

The operating budget increases 43.5 percent due to: 1) a budget modification, which adds \$174,087 each year; 2) an increase in postage costs of \$69,000 each year and postage inflation which adds \$230,386 each year; 3) the legislative audit in fiscal 1992 of \$3,526 compared to a fiscal 1990 expenditure of \$785 and 1991 biennium appropriation of \$2,484; 4) \$3,500 more in printing of deadhead envelopes in fiscal 1992; 4) increased equipment maintenance costs of \$2,133 in fiscal 1992 and \$3,128 in fiscal 1993; 5) an increase in out-of-state travel to evaluate equipment for mail bar coding which may be instituted by the U.S. Post Service, which adds \$900 in fiscal 1992 and \$1,763 in fiscal 1993; 6) an annual increase in motor pool costs for rental of a van which adds \$1,075 each year; and 7) other fixed cost and inflationary adjustments.

Equipment includes replacement of one postage machine each year authorized by a budget modification discussed below.

### Funding

The program is funded by proprietary funds from four sources. The first source--deadhead mail--is recovered from a fee assessed each state agency for internal mail sorting and delivery. The fee is based on the number of pieces of mail generated by the agency and the number of stops bureau personnel must make within each agency. Volume is determined by a piece count done each biennium. The bureau estimate for deadhead mail revenue is \$133,353 per year.

The second funding source is a contract with the U.S. Postal Service for \$38,976 annually to cover the cost of operating the capitol post office and other services.

Actual postage and shipping costs, the third revenue source, are recovered from agencies and deposited to proprietary account. This revenue source should equal expenses recorded in postage costs, which are budgeted to be \$1,382,315 each year of the biennium.

The fourth source of revenue is the overhead cost recovered on postage services for outgoing U.S. mail and is limited to 6 percent by House Bill 2. Overhead is the "mark-up" cost that the bureau adds to the cost of mailing a presorted letter.

## STATE PERSONNEL DIVISION

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	38.00	38.00		38.00	38.00	38.00		38.00
Personal Services	1,079,003	1,079,003	72,579	1,151,582	1,078,211	1,078,211	117,621	1,195,832
Operating Expenses	417,471	417,471	0	417,471	413,014	413,014	0	413,014
Equipment	10,642	5,017	0	5,017	10,142	7,017	0	7,017
Total Costs	\$1,507,116	\$1,501,491	\$72,579	\$1,574,070	\$1,501,367	\$1,498,242	\$117,621	\$1,615,863
Fund Sources								
General Fund	922,039	873,414	52,440	925,854	917,491	869,093	85,159	954,252
State Revenue Fund	10,000	10,000	0	10,000	10,000	10,000	0	10,000
Proprietary Fund	575,077	618,077	20,139	638,216	573,876	619,149	32,462	651,611
Total Funds	\$1,507,116	\$1,501,491	\$72,579	\$1,574,070	\$1,501,367	\$1,498,242	\$117,621	\$1,615,863

## Program Description

The State Personnel Division provides state agencies with a comprehensive program of personnel administration including: position classification, collective bargaining and labor relations, group benefits plans, compensation plan and rules, deferred compensation, training, employee incentive awards, sick leave fund, equal employment and affirmative action, and health education. The division publishes state rules and policies relating to recruitment, selection, discipline, grievance, performance appraisal, leave, affirmative action, and other personnel matters.

## Special Session Action

The Personnel Division will shift general fund supported activities related to the Employee Benefits program and Professional Development Center to proprietary funds, for a biennial general fund savings of \$88,273.

The special session eliminated all unexpended general fund authority for equipment purchases. The Personnel Division general fund appropriation was reduced \$5,625 in fiscal 1992 and \$3,125 in fiscal 1993.

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## STATE PERSONNEL DIVISION

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The Personnel Division was appropriated \$73,200 general fund for computer programming changes to implement provisions of the state pay plan in House Bill 509. The special session reduced that appropriation by \$9,000, the estimated savings from the first segment of required computer system changes.

### Language

"[The genetics program appropriation] is contingent on passage and approval of House Bill No. 696." This bill was signed into law.

### Budget as Approved by the Regular 1991 Legislative Session

Personal services increase 6.8 percent due to: 1) vacancy savings in fiscal 1990; and 2) continuation of the fiscal 1991 pay plan in the 1993 biennium. The operating budget increases 28.2 percent and equipment increases 353.6 percent. Changes in each of these budget categories are explained in the relevant program. Debt service funded equipment in the Training program with the final payment in fiscal 1990.

Personnel Administration increases 8.2 percent from fiscal 1990 to 1992. Most of the increase is in personal services due to vacancies in fiscal 1990 and continuation of the 1991 pay plan in the 1993 biennium. Operating costs increase slightly due to: 1) a budget modification which includes \$10,000 each fiscal year to operate the combined giving campaign; 2) an increase in contracted services for classification reviews of \$2,908 in fiscal 1992 and \$3,145 in fiscal 1993; 3) an increase in travel of \$2,694 each year of the biennium; and 4) other inflationary adjustments and fixed costs. Equipment includes replacement of two personal computers in fiscal 1992 and one in fiscal 1993. The program is funded by general fund and state special revenue for the combined giving campaign activities.

The current level budget for the Employee Benefits program increases 17.0 percent from fiscal 1990 to fiscal 1992. Fiscal 1992 personal services are higher than fiscal 1990 expenditures due to: 1) approval of \$400 in overtime each year; 2) vacancy savings in fiscal 1990; and 3) a reallocation of expenses. A 0.5 FTE was transferred between this program and Personnel Administration to accurately reflect program supervision responsibilities. The position transferred to the Employee Benefits program is paid at a higher rate than the 0.5 FTE transferred to Personnel Administration, accounting for about \$4,000 of the difference.

The Employee Benefits program operating budget increases due to: 1) approval of two budget modifications which add \$64,752 in fiscal 1992 and \$49,752 in fiscal 1993; and 2) fixed cost and inflationary adjustments. Some of the operating increase is offset by removal of one-time expenditures for system development, postage, and assessments against insurance policies to fund a genetics program of about \$28,500. Equipment includes replacement of one personal computer each year. The program is funded mostly from the group benefits administration account, which receives revenue from investment earnings from the state health self-insurance fund. General fund supports portions of the salaries of 2.0 FTE and associated operating expenses for the administration of the state pay plan, salary survey activity, and the employee incentive awards program, which provides cash bonuses to state employees whose cost-saving suggestions are implemented.

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## STATE PERSONNEL DIVISION

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The Training program budget increases 24.8 percent from fiscal 1990 to 1992. Fiscal 1992 personal services costs increase due to vacancy savings in fiscal 1990 and the continuation of the fiscal 1991 pay plan in the 1993 biennium. Operating costs increase due a budget modification for increased expenses due to program growth and small increases in the current level budget as annual expenses are expected to be higher now that the program is fully staffed. Equipment includes training films and a personal computer in fiscal 1993. Debt-financed payments for equipment purchases were completed in fiscal 1990.

The program is funded from training fees charged to state agencies and other entities which send staff to classes. The increase in operating, equipment, and personal services costs will be recouped through additional revenue generated by the program.

The division also received an appropriation in House Bill 509 (pay plan bill) of \$73,200 general fund for the fiscal year ending June 30, 1993 (fiscal 1992) for changes needed to the payroll, personnel, and position system to implement House Bill 509. Any unexpended portion of the appropriation is reappropriated for fiscal 1993.

### Funding

General fund supports Personnel Administration and portions of 2.0 FTE and associated operating costs in the Employee Benefits program. Proprietary funds support two programs: 1) interest from the state health self-insurance premium fund supports most functions in the Employee Benefits program; and 2) training fees and income support the Training program. State special revenue supports the combined giving campaign.

## RISK MANAGEMENT & TORT DEFENSE

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	12.50	12.50		12.50	12.50	12.50		12.50
Personal Services	396,724	396,724	27,760	424,484	396,335	396,335	45,506	441,841
Operating Expenses	2,200,041	2,200,041	0	2,200,041	2,254,367	2,254,367	0	2,254,367
Equipment	11,403	11,403	0	11,403	2,500	2,500	0	2,500
Total Costs	\$2,608,168	\$2,608,168	\$27,760	\$2,635,928	\$2,653,202	\$2,653,202	\$45,506	\$2,698,708
<u>Fund Sources</u>								
Proprietary Fund	2,608,168	2,608,168	27,760	2,635,928	2,653,202	2,653,202	45,506	2,698,708
Total Funds	\$2,608,168	\$2,608,168	\$27,760	\$2,635,928	\$2,653,202	\$2,653,202	\$45,506	\$2,698,708

### Program Description

The Risk Management and Tort Defense Division provides for the investigation, defense, and payment of bodily injury and property damage claims incurred by all agencies, officers, and employees of the State of Montana. The division also assesses the fire, casualty, bond, and liability risks of the state for all state-owned buildings, equipment, automobiles, fixtures, boilers, aircraft, cash, and securities, and provides either commercial or self-insurance protection for the financial loss of such property (Article II, Section 18, Constitution of Montana, and Title 2, Chapter 9, Parts 1 through 3, MCA).

### Language

"The department is appropriated funds to pay the deductible portion of each claim incurred and covered by a deductible insurance plan from the deductible reserve fund authorized in Section 2-9-202(2), MCA."

"By July 15, 1992, the Tort Claims Division shall present to the Legislative Finance Committee proposed changes, in the method(s) of determining and allocating insurance premiums to state agencies. The division will review the proposal(s) and potential fiscal impacts with the Legislative Finance Committee before the rate methodology is adopted and before premiums are included in agency budget requests by the Office of Budget and Program Planning."

"In [the contracted services budget modification], the department is authorized to hire 0.5 clerical FTE."

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## RISK MANAGEMENT & TORT DEFENSE

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### Budget as Approved by the Regular 1991 Legislative Session

FTE increase by 2.0 as the legislature added two grade 17 attorney positions and reduced the budget modification for contracted legal services by \$500,000 each year of the biennium.

Personal services increase 32.6 percent due to: 1) addition of 2.0 attorney FTE; 2) vacancy savings in fiscal 1990; and 3) continuation of the fiscal 1991 pay plan in the 1993 biennium.

The operating budget increases 175.3 percent due to: 1) a budget modification, for contracted legal services, which adds \$500,000 annually; 2) an increase of \$875,129 in fiscal 1992 and \$940,430 in fiscal 1993 for commercial insurance coverage (compared to actual fiscal 1990 expenditures of \$742,591 that were incorrectly coded in the accounting system and are not reflected in fiscal 1990 expenditures above); 3) the legislative audit in fiscal 1992 of \$7,036 compared to fiscal 1990 expenditures of \$2,978 and a 1991 biennium appropriation of \$9,416; 4) operating costs for the 2.0 attorney FTE added by the legislature; and 5) other fixed cost and inflationary adjustments. Operating cost increases are partially offset by a reduction in photocopy expenses of \$1,847 annually for cost savings due to the equipment appropriation to purchase a scanner.

Equipment includes three monitors and a printer for portable computers, a scanner that electronically copies documents to computer disk, and miscellaneous office equipment for the 2.0 new attorney FTE added by the legislature. Photocopy fees are reduced by one-fourth each year to reflect the estimated reduction in photocopy expense and four-year payback for the scanner.

Transfers, which moved funds from the insurance premium self-insurance fund to the agency internal services account, are no longer included in the program budget. The department has determined that such transfers are unnecessary. The program will now draw funding directly from the insurance premium account.

Senate Bill 246 continues the liability limits established by the legislature, limiting claims against the state to \$750,000 per claim and \$1.5 million per occurrence. Such limits are one factor in contributing to lower liability insurance losses incurred in the Tort Claims program, which manages the state general liability self-insurance fund.

### Funding

The program is funded from self-insurance premium revenue. The state is self-insured for general liability, automobile, Board of Investments property foreclosures, Board of Housing property foreclosures, and foster care youth insurance coverage. The division maintains a fund to pay program operating and claims expenses for such insurance. Premium payments from state agencies are deposited to the fund to pay operating and actual and potential claim expenses.



## STATE TAX APPEAL BOARD

<u>Budget Item</u>	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	10.50	10.50		10.50	10.50	10.50		10.50
Personal Services	329,152	276,128	16,202	292,330	328,524	276,236	25,417	301,653
Operating Expenses	<u>98,655</u>	<u>98,655</u>	<u>0</u>	<u>98,655</u>	<u>98,837</u>	<u>98,837</u>	<u>0</u>	<u>98,837</u>
Total Costs	\$427,807	\$374,783	\$16,202	\$390,985	\$427,361	\$375,073	\$25,417	\$400,490
<u>Fund Sources</u>								
General Fund	<u>427,807</u>	<u>374,783</u>	<u>16,202</u>	<u>390,985</u>	<u>427,361</u>	<u>375,073</u>	<u>25,417</u>	<u>400,490</u>
Total Funds	\$427,807	\$374,783	\$16,202	\$390,985	\$427,361	\$375,073	\$25,417	\$400,490

## Program Description

The State Tax Appeal Board (STAB) provides a tax appeal system for all actions of the Department of Revenue (Article XIII, Section 7 of the Montana Constitution and Section 15-2-101, MCA). It travels throughout the state to hear appeals from decisions of the 56 county tax appeal boards (CTAB) and takes original jurisdiction in matters involving income taxes (Section 15-30-147, MCA); corporate taxes (Section 15-31-532, MCA); and severance taxes, centrally assessed property, and new industry (Section 15-2-302, MCA). STAB pays a per-meeting honorarium, including mileage reimbursement and meals, to the 168 CTAB members and pays clerical expenses for each board.

## Special Session Action

The operating budget for the State Tax Appeal Board (STAB) will be reduced \$105,312 general fund over the biennium. The program has extra authority due to the fiscal 1991 appropriated base used by the executive in developing the 1993 biennium budget. The 1991 appropriation for STAB was about \$123,000 higher than fiscal 1990 actual expenditures. The legislature adopted the executive recommendation for STAB which used the fiscal 1991 appropriation as the base year. The reduction will be in personal services.

## Budget as Approved by the Regular 1991 Legislative Session

FTE decline by 0.5 as a clerical position that was vacant throughout fiscal 1990 was transferred to the Central Mail program.

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## STATE TAX APPEAL BOARD

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Personal services increase 40.6 percent due to: 1) approval of the Executive budget level for per diem reimbursements to members of the State Tax Appeal Board of \$85,580 compared to actual fiscal 1990 expenditures of \$32,066; 2) vacancy savings in fiscal 1990; and 3) continuation of the fiscal 1991 pay plan in the 1993 biennium.

The operating budget increases 62.9 percent due to: 1) an increase of \$14,000 per year for contracted legal services; 2) a \$12,406 increase in supplies; 3) increased travel (\$10,336 each year); 4) increased communications costs (\$5,172 annually); and 5) other fixed cost and inflationary adjustments.

Reimbursement to county tax appeal boards for secretarial help was recorded in local assistance in fiscal 1990. These costs are budgeted in contracted services for the 1993 biennium.

### Funding

The State Tax Appeal Board is funded entirely by general fund.

## STATE COMPENSATION MUTUAL INSURANCE FUND

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	218.90	218.90		218.90	217.90	217.90		217.90
Personal Services	5,354,955	5,354,955	364,087	5,719,042	5,326,811	5,326,811	569,694	5,896,505
Operating Expenses	3,971,873	3,971,873	0	3,971,873	3,813,399	3,813,399	0	3,813,399
Equipment	188,893	188,893	0	188,893	127,138	127,138	0	127,138
Benefits and Claims	110,953,000	110,953,000	0	110,953,000	118,060,000	118,060,000	0	118,060,000
Transfers	2,941,701	2,941,701	0	2,941,701	2,959,054	2,959,054	0	2,959,054
Total Costs	\$123,410,422	\$123,410,422	\$364,087	\$123,774,509	\$130,286,402	\$130,286,402	\$569,694	\$130,856,096
<u>Fund Sources</u>								
State Revenue Fund	25,082	25,082	1,655	26,737	0	0	0	0
Proprietary Fund	123,385,340	123,385,340	362,432	123,747,772	130,286,402	130,286,402	569,694	130,856,096
Total Funds	\$123,410,422	\$123,410,422	\$364,087	\$123,774,509	\$130,286,402	\$130,286,402	\$569,694	\$130,856,096

## Agency Description

The State Compensation Mutual Insurance Fund (State Fund), established January 1, 1990, provides liability insurance for worker's compensation and occupational disease. The State Fund may not refuse coverage to any employer (Section 39-71-431, MCA).

Effective July 1, 1990, the State Fund was divided into two businesses by the legislature. The old business is responsible for administration and payment of claims for injuries that occurred before July 1, 1990. The State Fund actuary estimates that these claims will total \$207 million. A tax of 0.28 percent was imposed on each employer's covered payroll to fund the old business. The new business is responsible for claims for injuries occurring on or after July 1, 1990. It is funded through premiums charged to employers purchasing worker's compensation insurance from the State Fund. Statutes require the State Fund to set premium rates at a level sufficient to fund the insurance program, including the costs of administration, benefits, and adequate reserves.

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## STATE COMPENSATION MUTUAL INSURANCE FUND

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The State Fund is attached to the Department of Administration for administrative purposes. Management of the State Fund is vested in a five-member board of directors appointed by the Governor. The State Fund is subject to laws governing state agencies, unless the State Fund is specifically exempted from compliance with that law.

### Special Session Action

The legislature made no changes in this agency's budget during the 1992 special session.

### Legislative Intent

The agency is directed to submit the budget request for the 1995 biennium in separate components for the benefits department, the underwriting department, and administration.

The budget includes \$119,788 per year for warrant processing, to be paid in full to the State Auditor's Office as reimbursement for warrant processing costs. The State Fund may pay warrant processing costs in 12 equal installments.

### Budget as Approved by the Regular 1991 Legislative Session

FTE increase a net of 42.9 from fiscal 1990 to fiscal 1992. Budget modifications add 43.9 FTE. A 0.5 FTE was transferred from the State Fund to the Department of Labor and Industry (DOLI) as part of the reorganization in fiscal 1991. Transfer of administration of the employer's payroll tax to the Department of Revenue (DOR) reduces FTE by 0.5 FTE between fiscal 1990 and fiscal 1992 and an additional 1.0 FTE between fiscal 1992 and 1993.

Personal services increase 33.5 percent due to: 1) approval of budget modifications that add \$1,120,916 in fiscal 1992 and \$1,118,356 in fiscal 1993; 2) vacancy savings in fiscal 1990; and 3) continuation of pay increases averaging 6.9 percent in fiscal 1990 approved by the State Fund Board of Directors. The legislature continued 3.0 FTE, authorized to administer medical deductible plans, that had been vacant throughout fiscal 1990. The legislature also continued a management position vacant throughout fiscal 1990 with the intent that the position be used as a claims examiner.

The operating budget increases 25.4 percent due to: 1) three budget modifications discussed below, which add \$321,583 in fiscal 1992 and \$287,670 in fiscal 1993; 2) increases in mainframe computer processing and systems development costs which add \$245,043 in fiscal 1992 and \$230,977 in fiscal 1993; 3) annual payments of \$119,788 to the State Auditor to offset the general fund cost of processing warrants; 4) consulting services, which add \$86,770 annually; 5) the legislative audit cost in fiscal 1992 of \$83,655; 6) maintenance

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## STATE COMPENSATION MUTUAL INSURANCE FUND

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increases of \$32,707 in fiscal 1992 and \$26,632 in fiscal 1993; 7) increases to correctly account for actual legal services and premium refund costs of \$300,870 each year and \$102,566 each year respectively; and 8) other fixed costs and inflationary adjustments. Rate reductions in mainframe computer processing offset \$121,011 of the increases in fiscal 1992 and \$171,962 in fiscal 1993.

Equipment costs increase 38.3 percent. Equipment purchases include replacement of six vehicles per year; eight computer terminals; new mail room equipment; software upgrades; replacement of two disk drives; and other office equipment.

The percentage increase in benefits and claims is largely due to a change in generally accepted accounting principles (GAAP). On January 1, 1990, the fund type for worker's compensation costs was changed from state special revenue for operations costs and trust fund for benefits to a proprietary fund type for all costs. Under the previous trust fund type structure, benefit costs were recorded in a nonbudgeted center in SBAS and not appropriated by the legislature. Thus, the fiscal 1990 costs for benefits and claims in the table reflect only one-half of the annual expenditures. The appropriation by the legislature for benefits is the actuarial estimate of such costs for the 1993 biennium.

Transfers increase 205.9 percent. Transfers include payments to the Department of Social and Rehabilitation Services to operate rehabilitation panels, lease payments for the Condon Building, payments for fraud investigations, and reimbursement to the DOLI for administration of regulatory functions. The biggest change in transfer costs is due to payments from the State Fund to the DOLI for regulatory functions. During fiscal 1990, DOLI and State Fund operated from the same accounting entity, making interagency payments unnecessary. In addition, fiscal 1990 represents half of the annual cost of some of the expenses recorded in the transfers category.

House Bill 995, passed by the 1991 legislature, authorizes the Board of Investments to issue up to \$220 million of worker's compensation bonds to pay the unfunded liability of the old business. The bonds are payable from proceeds of the employer's payroll tax. The Board of Investments may also issue a loan for claims for the old business, payable from reserves accumulated from worker's compensation premiums paid to the State Fund based on wages payable on or after July 1, 1990. The Board of Investments shall choose the method of financing that is most cost-effective for the State Fund. Prior to the issuance of loans or bonds, the Budget Director must certify to the Board of Investments that tax revenue together with funds in the account required by Section 39-71-2321, MCA, to fund old business claims, will be insufficient to pay such claims. All loan and bond proceeds must be repaid by the State Fund to the Board of Investments before July 1, 2020. The worker's compensation payroll tax must be continued at the 0.28 percent rate to fund bond and loan repayments. The legislature may not modify the tax rate, or the use of the tax proceeds in a manner that reduces the security for repayment of the outstanding loans or bonds. However, the repayment account, regardless of the source, that is in excess of the required reserve and is equal to the amount needed for bond or loan repayment and dedicated to the payment of the outstanding loans or bonds payable during the period. The legislature may not increase the worker's compensation payroll tax rate except upon a two-thirds majority vote of each house. House Bill 995 authorizes the State Fund to pay lump sum settlements to claimants regardless of laws governing lump sum settlements in effect at the time of the accident if such settlements are mutually agreeable to the State Fund and claimant. This provision is effective beginning October 1, 1991 and ending September 30 1, 1992.

## STATE COMPENSATION MUTUAL INSURANCE FUND

House Bill 837 revises worker's compensation benefits for permanent partial disability based on a combination of factors including age and educational level of the injured worker, type of work activity previously performed compared to that the worker is able to perform after the injury, wages received at the time of injury, and the state average weekly wage. The bill also limits the percentage increase in worker's compensation medical cost payments to the rate of increase in the state average weekly wage as defined in Section 39-71-116, MCA. The State Fund is unable to provide an estimated fiscal impact of House Bill 837 without an actuarial evaluation of the changes to benefits and medical costs.

### Summary of Budget Modifications

		FY 1992-		FY 1993-			
PGM	FTE	General Fund	Other Funds	FTE	General Fund	Other Funds	
1 Claims Management Program	01 32.90		\$ 912,563	32.90		\$ 910,494	
2 Audit Bureau	01 9.00		304,304	9.00		303,699	
3 HB187-Construction Premium	01 2.00		228,629	2.00		194,830	
<b>Totals</b>	<b>43.90</b>		<b>\$1,445,496</b>	<b>43.90</b>		<b>\$1,409,023</b>	

1) Claims Management Program - This modification continues program expansions authorized by budget amendments in fiscal 1990 and 1991, adding 32.9 FTE and \$912,563 in proprietary funds in fiscal 1992 and \$910,494 in fiscal 1993. These positions include 11.0 claims examiner FTE, increasing such positions from 22 to 33, for an estimated case load of 295 open claims per examiner according to State Fund staff. State Fund personnel say the average in private industry is 200-225 open claims per examiner. The balance of the additional FTE are:

-- 5 supervisory, technical, and clerical staff in the Finance Department to improve accounting services and evaluation of financial data;

-- 5.4 underwriting positions for a new marketing program to increase the amount of premium collected and a desk audit program to ensure policyholders compliance with reporting criteria;

-- 2 safety consultants to conduct safety audits, evaluate employers for safety incentive programs, and provide safety evaluations for schedule rated policies;

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## STATE COMPENSATION MUTUAL INSURANCE FUND

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-- 1 management position to manage the Benefits Division;

-- 2 rehabilitation coordinators to supervise contracted rehabilitation providers and provide coordination between claims examiners and these providers on claimants' cases;

-- 6.5 support staff.

2) Audit Bureau - This modification transfers 9.0 FTE and \$304,304 proprietary funds in fiscal 1992 and \$303,699 in fiscal 1993 from DOLI to the State Fund. In fiscal 1990, the State Fund contracted with DOLI to perform this function.

3) HB187 - Construction Premium - This modification provides funding and 2 FTE to implement House Bill 187. The bill requires the State Fund to revise the method of calculating worker's compensation insurance premium rates for the construction industry.

### Funding

The program is supported by earned premium revenue paid by worker's compensation coverage policy holders. The 1989 legislature approved a 1991 biennium budget for the Worker's compensation Division that was within a maximum budget guideline of 8.0 percent of earned premium revenue for administrative expenses. The State Fund Board of Directors established a budget guideline of 10.0 percent of earned premium revenue. The budget adopted by the legislature is within the 10.0 percent budget guideline.

State special revenue funds 1.0 FTE and operating costs for collection of employer's payroll tax, transferred to the DOR beginning in fiscal 1992.

## PUBLIC EMPLOYEES' RETIREMENT BOARD

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	20.00	20.00		20.00	20.00	20.00		20.00
Personal Services	518,860	518,860	37,201	556,061	517,936	517,936	59,067	577,003
Operating Expenses	705,142	705,142	0	705,142	433,526	433,526	0	433,526
Equipment	<u>1,566</u>	<u>1,566</u>	<u>0</u>	<u>1,566</u>	<u>1,704</u>	<u>1,704</u>	<u>0</u>	<u>1,704</u>
Total Costs	\$1,225,568	\$1,225,568	\$37,201	\$1,262,769	\$953,166	\$953,166	\$59,067	\$1,012,233
Fund Sources								
Non-expendable Trust	<u>1,225,568</u>	<u>1,225,568</u>	<u>37,201</u>	<u>1,262,769</u>	<u>953,166</u>	<u>953,166</u>	<u>59,067</u>	<u>1,012,233</u>
Total Funds	\$1,225,568	\$1,225,568	\$37,201	\$1,262,769	\$953,166	\$953,166	\$59,067	\$1,012,233

## Agency Description

The Public Employees' Retirement Division (PERD) of the Department of Administration administers most of the state employee retirement systems including: Public Employees', Game Wardens', Highway Patrol, Judges', Sheriffs', Municipal Police Officers', Firefighters' Unified Retirement Systems and the Volunteer Firefighters' retirement systems (Title 19, Chapters 3, 5, 6, 7, 8, 9, 12 and 13, MCA). It also administers the Federal-State Social Security Agreement as defined in Title II, Section 218 of the Social Security Act and Title 19, Chapter 1, MCA. The administration and operation of the retirement systems are governed by rules adopted by the Public Employees' Retirement Board (Section 2-15-1009, MCA). Board members, appointed by the Governor for five year terms, consist of three public employees active in the retirement system, one retired employee, and two members at large.



## PUBLIC EMPLOYEES' RETIREMENT BOARD

## Special Session Action

		Executive Budget Proposal		Legislative Budget Action	
		=====		=====	
Description	Pgm	Fiscal 1992		Fiscal 1993	
		General Fund	Other Funds	General Fund	Other Funds
1 Social Security Interest	01	(\$110,964)		(\$120,547)	(\$24,000)
Other					
	Grand Totals	(\$110,964)		(\$120,547)	(\$24,000)

## Special Session Action

1) Social Security Interest - The special session transferred \$144,547 of interest earnings to the general fund from state social security payments over the biennium. The amount available for transfer in fiscal 1992 is greater than originally anticipated by the Executive Budget, while the transfer in fiscal 1993 is less.

The Social Security program of the Public Employees' Retirement Division collected social security payments from political subdivisions and the state, and remitted payment to the federal government until fiscal 1987 when federal law governing such collections changed. Interest earnings accrued on collections prior to transfer to the federal government funded the program. The June 1986 special session passed a law transferring \$2 million in social security interest to the general fund and changing statute to require that interest not needed to pay social security obligations would be transferred to the general fund.

PERD staff state social security interest has not been transferred to the general fund since the 1986 legislation was passed for two reasons: federal audits have required payments from or refunds to employers and interest has been earned on such transfers/payments. Federal audits have not yet been concluded for three years of state administration, so there could be additional transactions and interest accrued; 2) in fiscal 1987, the federal government made an assessment against Montana public employers for social security payments on part-time employees. PERD is contesting the assessment, but has held interest in the account instead of transferring it to the general fund in case the federal government prevails in this issue. The division plans to make the fiscal 1992 fund transfer in the latter part of December.

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## PUBLIC EMPLOYEES' RETIREMENT BOARD

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### Language

"The amounts listed in [Public Employees' Retirement program, legislative audit, and budget modifications to rewrite data processing system and program improvements] are appropriated from the pension trust fund."

"The board is appropriated \$3,860 from pension trust funds in fiscal 1992 and \$2,360 from pension trust funds in fiscal 1993 (to implement the provisions of House Bill 595 explained below)."

"The board is appropriated \$5,000 from pension trust funds in fiscal 1992 and \$5,000 from pension trust funds in fiscal 1993 (to implement House Bill 711 explained below)."

"The board is appropriated \$25,000 from pension trust funds in fiscal 1992 and \$5,000 from pension trust funds in fiscal 1993 (to implement provisions of House Bill 229 explained below)."

### Budget as Approved by the Regular 1991 Legislative Session

Personal services increase 12.4 percent due to: 1) vacancy savings in fiscal 1990; and 2) continuation of the fiscal 1991 pay plan in the 1993 biennium. The legislature added funds for per diem reimbursements for board members (\$3,600) and overtime (\$1,500) for staff members.

A 4 percent vacancy savings reduction was applied to personal services budgets in agencies with more than 20 FTE. Since PERD has fewer than 20 FTE, vacancy savings was not applied.

The operating budget increases 91.4 percent due to: 1) two budget modifications discussed below, which add \$351,676 in fiscal 1992 and \$136,176 in fiscal 1993; 2) the cost of the legislative audit in fiscal 1992 (\$36,303); 3) \$9,000 per year for contracted medical services to advise the board on medical disability retirement benefits; 4) an increase in the actuarial contract of \$10,000 in fiscal 1993; and 5) other fixed costs and inflationary adjustments. These cost increases are partially offset by rate reductions in mainframe computer processing costs.

Equipment includes funds to upgrade computer software.

House Bill 595 removes the requirement that a police officer be 50 years of age to be eligible for retirement. PERD is appropriated \$3,860 from the pension trust fund in fiscal 1992 and \$2,360 in fiscal 1993 to revise the data processing system and prepare information to be distributed to contributing members and employers.

House Bill 711 provides a supplemental highway patrol benefit payment to certain retirees receiving monthly benefits prior to July 1, 1991. PERD is appropriated \$5,000 from the pension trust fund each year of the biennium to revise the data processing system for the provisions of the bill.



## TEACHERS' RETIREMENT BOARD

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	11.50	11.50		11.50	11.50	11.50		11.50
Personal Services	284,635	284,635	21,406	306,041	284,278	284,278	33,920	318,198
Operating Expenses	360,386	360,386	0	360,386	280,835	280,835	0	280,835
Equipment	20,682	20,682	0	20,682	4,489	4,489	0	4,489
Total Costs	\$665,703	\$665,703	\$21,406	\$687,109	\$569,602	\$569,602	\$33,920	\$603,522
<u>Fund Sources</u>								
Non-expendable Trust	665,703	665,703	21,406	687,109	569,602	569,602	33,920	603,522
Total Funds	\$665,703	\$665,703	\$21,406	\$687,109	\$569,602	\$569,602	\$33,920	\$603,522

### Agency Description

The Teachers' Retirement System (TRS) administers retirement, disability, and survivor benefits for all state teachers and their beneficiaries (Title 19, Chapter 4, MCA). The Teachers' Retirement Board, comprised of six members, is responsible for the administration of the system (Section 2-15-1010, MCA). The board is composed of the Superintendent of Public Instruction and five members appointed by the Governor. To assist in fulfilling its duties, the board employs a full-time staff.

### Special Session Action

The legislature made no changes in this agency's budget during the 1992 special session.

### Language

"The amounts listed in [Teachers' Retirement program, audit, and budget modifications] are appropriated from the pension trust fund."

# TEACHERS' RETIREMENT BOARD

## Budget as Approved by the Regular 1991 Legislative Session

Personal services increase 10.0 percent due to: 1) vacancy savings in fiscal 1990; and 2) continuation of the 1991 pay plan in the 1993 biennium.

A 4 percent vacancy savings reduction was applied to personal services budgets in agencies with more than 20 FTE. Since the Teachers' Retirement Board has fewer than 20 FTE, vacancy savings was not applied.

The operating budget increases 67.6 percent between fiscal 1990 and 1992 due to: 1) budget modifications which add \$172,380 in fiscal 1992 and \$108,380 in fiscal 1993; 2) the cost of the legislative audit in fiscal 1992 (\$23,676); 3) a cyclical printing adjustment to print the retirement handbooks in fiscal 1992 of \$5,713; and 4) other fixed cost and inflationary adjustments. Operating cost increases between the two years are partially offset by removal from the fiscal 1990 base of one-time expenditures of \$26,591 to update the computer system and by reductions in mainframe computer processing rates in the 1993 biennium. The decrease in operating costs between fiscal 1992 and 1993 is due to the initial cost of microfilming retirement files in fiscal 1992 of \$24,232 (see modified budget), the legislative audit (which is budgeted in fiscal 1992), and rate reductions in mainframe computer processing which are greater in fiscal 1993 than in fiscal 1992.

Equipment includes a bookcase, room partitions, and replacement chairs. The modified budget request includes authorization to purchase personal computers and other equipment noted below.

Senate Bill 226 equalizes the taxation of pension benefits and provides a 2.5 percent increase in retirement benefits for members of state, local, and teacher retirement systems who are Montana residents. TRS is appropriated \$25,000 in pension trust funds in fiscal 1992 to make computer system changes required to implement the provisions of this bill. Senate Bill 226 also establishes a statutory appropriation from the general fund to the retirement systems to fund the benefit increases. The fiscal impact of Senate Bill 226 was estimated to be \$7.07 million general fund over the 1993 biennium.

## Summary of Budget Modifications

	PGM	FTE	FY 1992--	General Fund	Other Funds	FTE	FY 1993--	General Fund	Other Funds
1 DP & Service Upgrades	01				\$147,380				\$108,380
2 SB226-Retirement Tax Exempt.	01				<u>25,000</u>				
Totals					<u>\$172,380</u>				<u>\$108,380</u>

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## TEACHERS' RETIREMENT BOARD

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1) Data Processing and Service Upgrades - This budget modification funds additional computer processing time; network fees on the personal computers funded in the modification; maintenance, upgrading, and enhancement of the TRS data base system; microfilming retirement files (\$24,232 in fiscal 1992); and increased instate travel (\$25,175 over the biennium). The majority of the request (\$182,960) would be expended in contracted services for systems development and computer processing charges. The request also includes \$18,593 in fiscal 1992 and \$2,400 in fiscal 1993 to purchase two personal computers and other computer hardware, replacement desk chairs, replacement tape calculators, and a new credenza. The modified budget approved by the legislature is lower than the original Executive request as network service fees included in both the current and modified level budgets were removed from the modified request.

2) SB226 - System Enhancements - This budget modification funds computer system changes for Senate Bill 226 which equalizes taxation of all pension benefits and provides a 2.5 percent benefit increase to members of state, local and teacher retirement systems who are Montana residents.

### Funding

The program is funded from interest on investments held in trust for the teachers' retirement system.

## MILITARY AFFAIRS

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	99.75	99.75		99.75	99.75	99.75		99.75
Personal Services	\$2,539,371	\$2,518,592	\$181,085	\$2,699,677	\$2,541,849	\$2,484,136	\$288,583	\$2,772,719
Operating Expenses	2,872,234	2,799,509	0	2,799,509	2,684,343	2,666,743	0	2,666,743
Grants	564,000	564,000	0	564,000	540,000	540,000	0	540,000
Benefits and Claims	2,280	2,280	0	2,280	2,280	2,280	0	2,280
Total Costs	\$5,977,885	\$5,884,381	\$181,085	\$6,065,466	\$5,768,472	\$5,693,159	\$288,583	\$5,981,742
<u>Fund Sources</u>								
General Fund	2,200,045	2,106,541	70,041	2,176,582	1,993,823	1,878,510	112,430	1,990,940
State Revenue Fund	32,172	32,172	0	32,172	41,169	41,169	0	41,169
Federal Revenue Fund	3,745,668	3,745,668	111,044	3,856,712	3,733,480	3,773,480	176,153	3,949,633
Total Funds	\$5,977,885	\$5,884,381	\$181,085	\$6,065,466	\$5,768,472	\$5,693,159	\$288,583	\$5,981,742

### Agency Description

The Department of Military Affairs oversees all activities of the Army and Air National Guard, Disaster and Emergency Services Division, and Veterans' Affairs Division. The department is administered by the Adjutant General and his staff, as provided for in Section 2-15-1202, MCA. The department manages a joint federal-state program that keeps in readiness trained and equipped military organizations for the Governor in the event of a state emergency and the President in the event of a national emergency. Federal agencies control the military strength and mobilization missions of the Montana Guard. The department also plans for and coordinates state responses in disaster and emergency situations (Title 10, Chapter 3, MCA). The department manages and cooperates with state and federal agencies in providing statewide services for discharged veterans and their families (Title 10 Chapter 2, MCA).

# MILITARY AFFAIRS

## Special Session Action

		Executive Budget Proposal		Legislative Budget Action	
		Fiscal 1992	Fiscal 1993	Fiscal 1992	Fiscal 1993
Description	Rgn	General Fund	Other Funds	General Fund	Other Funds
House Bill 2					
1) Director's Office Reduction	01				
2 Army Guard Program Reductions	12	(\$10,200)			
3 Funding Switch	12		40,000		
4 Reduce Repair and Maintenance	12	(57,425)			
5 General Reduction	NA				
Sub-Totals		(67,625)	40,000	(93,504)	40,000
Other					
6 Fund Balance Transfer	NA	(183,431)		(183,431)	
Sub-Totals		(183,431)		(183,431)	
Grand Totals		(\$251,056)	\$40,000	(\$276,935)	\$40,000

## Special Session Action

The special session adopted Executive proposal for budget reductions and increased the general reduction in general fund \$20,779 in fiscal 1992 and \$57,713 in fiscal 1993.

1) Director's Office Reduction - The Director's Office fiscal 1993 general fund operating appropriation was reduced by \$5,000, with a \$3,000 reduction in travel. The 1991 legislature added funds for the Adjutant General to rent a car from the state motor pool instead of using his personal car for instate travel. The department will attempt to get federal funding to support instate travel for the



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## MILITARY AFFAIRS

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Adjutant General and forego motor pool car rental. Repair and maintenance of office equipment will be reduced by \$2,000. The maintenance contracts for some personal computers and other office equipment will be allowed to lapse in fiscal 1993.

2) Army National Guard Program Reductions - The general fund appropriation of the Army National Guard program was reduced \$5,100 in fiscal 1992 and \$12,600 in fiscal 1993. Officers' clothing allowance will be reduced \$5,100 each year, half the amount budgeted for such expenditures. Since Section 10-1-207 (2), MCA, directs that April 1 of each year that uniformed and equipped officers must receive a uniform allowance, the Executive Budget proposal eliminating the full amount for the clothing allowance was modified to comply with the law.

The following reductions will be implemented in fiscal 1993. Expenditures for awards, ribbons, and medals for state recognition of achievement by guard personnel will be reduced by \$2,000, one half the amount expended in fiscal 1991. Printing will be reduced by \$2,000. Travel will be reduced by \$3,500. The program will no longer support the cost of guard personnel attending the national guard association meetings. The travel for supervisors and architects to inspect armories will be reduced.

3) Funding Switch - General fund supported communications costs in the Army National Guard program were reduced by \$40,000. The department has indicated federal program intent to fund communications costs for all federal personnel, which should offset the general fund reduction. The general fund will support communications costs of state personnel only, including post office box rental and advertising costs.

4) Repair and Maintenance Reduction - A budget modification for repair and maintenance in the Army National Guard program approved by the 1991 legislature was reduced from \$186,000 over the biennium to \$118,375 (a \$67,625 decrease). Renovation to armories will be limited to painting and roof repair. Repairs to kitchens and heating systems, and lead removal at firing ranges will not be undertaken.

5) General Reduction - The legislature imposed a \$20,779 reduction in the agency's general fund budget for fiscal 1992 and \$57,713 for fiscal 1993 in addition to the specific budget changes shown above. Since the agency will be allowed to allocate this budget reduction among programs, it is reflected in the agency table but not reflected in individual program tables and program narratives. The last program in the agency (entitled "Budget Reduction") shows the general budget reduction imposed on the agency by the legislature during the special session and during the regular session.

6) Fund Balance Transfer - Federal reimbursement funds of \$183,431 will be transferred to the general fund over the biennium. As of the mid-December, \$153,000 of the reimbursement funds had been transferred. These funds are federal payments to the state for costs associated with federal Air and Army National Guard programs that are paid by general fund and reimbursed by the federal government. A cash balance built up over the years due to the timing of bill payment and receipt of federal funds. Federal national guard contract administration charges of \$40,000 will be deposited over the biennium.

### Legislative Intent

It is the legislature's intent that federal aid related to specific disasters be funded through statutory appropriations established in Section 10-3-203(2), MCA.

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## MILITARY AFFAIRS

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### Budget as Approved by the Regular 1991 Legislative Session

The 1991 legislature implemented a 0.5 percent reduction in the total agency general fund budget for each year of the biennium. The special session increased that reduction to \$31,834 in fiscal 1992 and \$52,060 in fiscal 1993. Since agencies will be allowed to allocate this budget reduction among programs, it is reflected in the agency table above but is not reflected in the program tables and narratives.

FTE increase by 2.0 due to budget modifications. Personal services increase 9.7 percent due to: 1) budget modifications which add 2.0 FTE and \$55,571 in fiscal 1992 and \$55,442 in fiscal 1993; 2) vacancy savings in fiscal 1990; and 3) continuation of the fiscal 1991 pay plan into the 1993 biennium. A 4 percent vacancy savings was applied for the 1993 biennium. The pay plan increase for fiscal 1992 and fiscal 1993 (House Bill 509) is included in the table above.

The operating budget increases 28.4 percent due to: 1) three budget modifications, which add \$263,514 in fiscal 1992 and \$21,268 in fiscal 1993; 2) utilities, maintenance, and communications costs authorized by budget amendment in fiscal 1990 and included in current level by the legislature, which add \$191,646 in fiscal 1992 and \$191,061 in fiscal 1993; 3) inflationary increases in utility costs, which add about \$49,000 in fiscal 1992 and about \$68,000 in fiscal 1993; 4) an increase in the cost of water at the Gore Hill air base that adds \$43,550 annually; 5) the legislative audit costs in fiscal 1992 (\$23,676); 6) House Bill 723, authorizing the sale of veterans' license plates adds \$22,500 in fiscal 1992 and \$46,500 in fiscal 1993; and 7) other fixed cost and inflationary adjustments.

Grants decline 26.1 percent, as fiscal 1990 includes federal aid related to specific disasters which the legislature has specified be funded with a statutory appropriation. The remaining appropriation is program operating funds only. The legislature intends that expenditures funded by federal aid received for specific emergencies or disasters be paid for by a statutory appropriation established in Section 10-3-203(2), MCA.

Benefits and claims, consisting of payments to a national guardsman injured in a prison riot in 1954, remain the same as the 1991 biennium.

The Office of the Governor is statutorily appropriated \$2 million general fund whenever an emergency or disaster is declared by the Governor (Section 10-3-312, MCA). House Bill 630 directs that in the event of recovery of money expended under that section the spending authority be reinstated to a level reflecting the recovery.

## MILITARY AFFAIRS

### Summary of Budget Modifications

	PGM	FTE	FY 1992-		FY 1993-		Other Funds		FY 1993-		Other Funds	
			General Fund		General Fund				General Fund			
1 Repair and Maintenance	12		\$118,375									
2 Environmental Program	12	1.00	9,275									
3 Air Guard Repair and Maint.	13		14,000				\$ 41,099		\$9,228		\$ 40,833	
4 Earthquake Disaster Program	24	1.00					42,000				46,190	
5 HB723-Veterans' Cemetery	31						46,187				76,500	
							22,500					
Totals		2.00	\$141,650				\$151,786		\$9,228		\$163,523	

1) Army Guard Repair and Maintenance - This modification adds a biennial appropriation of \$118,375 general fund in fiscal 1992 in addition to current level expenditures of about \$503,000 to repair and maintain Army Guard facilities. The 1991 legislature originally appropriated \$186,000 general fund for this budget modification which was reduced by \$67,625 during the special session.

Funding for repair and maintenance of the facilities is determined by the type of facility. Upkeep for armories is 100 percent state funded; shop and annex repair is funded 75 percent federal and 25 percent state; and maintenance of training sites is 100 percent federally funded. The repairs to be financed with the modified budget request include: painting the exterior and interior of armories, and roof maintenance. Prior to the reduction by the special session the budget modification also would have funded rebuilding kitchens, lead removal at firing ranges, and heating system maintenance.

2) Environmental Program. This modification adds 1.0 FTE and \$50,374 total funds in fiscal 1992 and \$50,061 in fiscal 1993. The FTE is part of an environmental unit comprised of 4.0 federal employees and 2.0 state FTE. The department reallocated 1.0 current level FTE to the environmental program in addition to the FTE requested in the budget modification. The unit will allow the department to comply with federal and state environmental laws, such as regulation of underground storage tanks and hazardous waste management. General fund supports \$9,275 of the fiscal 1992 cost and \$9,228 of the fiscal 1993 cost.

3) Air Guard Repair and Maintenance - This modification adds a biennial appropriation of \$14,000 general fund and \$42,000 federal authority in fiscal 1992 to fund maintenance projects at Gore Hill. Projects include: repair and replace fire hydrants; seal road cracks; repair and paint roofs; clean, paint, and repair walls; and replace interior lock sets. Current level expenditures for repair and maintenance were about \$132,000 in fiscal 1990.

4) Earthquake Disaster Program - This budget modification adds 1.0 FTE and about \$46,190 federal funds each year of the biennium. The legislature directed the department to administer the earthquake budget modification for the benefit of local schools to the maximum extent possible.

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## MILITARY AFFAIRS

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- 5) HB723 - Veterans' Cemetery - This budget modification adds \$22,500 of state special revenue in fiscal 1992 and \$31,500 state special revenue and \$45,000 federal revenue in fiscal 1993 on passage and approval of House Bill 723.

### Funding

General fund supports the full cost of the Administration program and a portion of the costs of the Air and Army National Guard programs and the Disaster Coordination Response program. The major components of the general fund increase between fiscal 1990 and 1992 are: 1) budget modifications which add \$141,650 in general fund expenditures in fiscal 1992; and 2) a change in the state matching rate in the Air National Guard Program. During the 1991 biennium, the state share of Air National Guard expenditures was 20.0 percent. However, the Air Guard base was removed from a 365 day, 24-hour alert status, decreasing the federal share of the cost from 80.0 to 75.0 percent and increasing the state share by a like amount. That change increased general fund costs about \$33,500 in fiscal 1992 and \$30,500 in fiscal 1993. The general fund portion of the legislative audit cost (\$16,100) is included in fiscal 1992. Finally, the increase in water costs at the Gore Hill air base adds \$13,500 in general fund each year of the biennium. Some of the increases are offset by the across the board reduction in general fund, 4 percent vacancy savings both years of the biennium, and a funding switch that moves \$40,000 of communications costs in fiscal 1993 from general fund to federal funds.

Federal funds increase between fiscal 1990 and 1992, despite the decline in the federal matching rate in the Air National Guard Program discussed above. The biggest increase is related to the cost of two budget amendments approved during the 1991 biennium which were approved for continuation and add about \$191,600 annually in federal funds. The budget modifications approved by the legislature add about \$130,000 each year of the biennium. The federal share of higher water costs at Gore Hill add \$40,050 annually, and the cost of the legislative audit adds \$7,576 federal funds in fiscal 1992. The special session also adopted a funding switch reducing general fund supported communications costs in fiscal 1993 by \$40,000 and increasing federal funding by the same amount.

House Bill 723 authorizing the sale of veterans' license plates and allocating a portion of the proceeds to the construction of a state veterans' cemetery adds \$22,500 state special revenue in fiscal 1992 and \$31,500 in fiscal 1993. An additional \$10,000 of state special revenue was appropriated by the legislature each year for private donations for the veterans' cemetery. The state special revenue appropriation for private donations in the 1993 biennium will allow the department to account for donations from private individuals in the correct fund type. (In the 1991 biennium, such donations were recorded in the federal revenue fund type.) There was no expenditure from state special revenue in fiscal 1990 even though the 1989 legislature appropriated state special revenue to match an anticipated federal hazardous materials training grant. Actual grant conditions allowed the department to use existing expenditures as a match, alleviating the need for state matching funds.

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## MILITARY AFFAIRS

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### Other Legislation

<u>Bill No./Description</u>	<u>Fiscal 1992</u>		<u>Fiscal 1993</u>	
	<u>FTE</u>	<u>General Fund</u>	<u>General Fund</u>	<u>Total Funds</u>
HB20 - Women in Service Memorial		\$ 0	\$ 0	\$ 0
HB179 - Upgrade and Maintain Veterans' Cemetery	—	<u>22,806</u>	<u>22,795</u>	<u>22,795</u>
Totals	0.0	\$22,806	\$22,795	\$22,795

HB20 - Women in Service Memorial - This bill appropriates \$25,000 from the long range building fund beginning July 1, 1991 as the Montana contribution toward the construction of a national memorial honoring women veterans and servicewomen at Arlington National Cemetery.

HB179 - Upgrade and Maintain Veterans' Cemetery - This act appropriates \$45,601 general fund over the biennium to upgrade and maintain the state veterans' cemetery.

## ADMINISTRATION PROGRAM

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	4.50	4.50		4.50	4.50	4.50		4.50
Personal Services								
Operating Expenses	\$154,450	\$154,450	\$7,621	\$162,071	\$154,082	\$154,082	\$12,157	\$166,239
	<u>69,308</u>	<u>69,308</u>	<u>0</u>	<u>69,308</u>	<u>63,909</u>	<u>58,909</u>	<u>0</u>	<u>58,909</u>
Total Costs	\$223,758	\$223,758	\$7,621	\$231,379	\$217,991	\$212,991	\$12,157	\$225,148
Fund Sources								
General Fund	<u>223,758</u>	<u>223,758</u>	<u>7,621</u>	<u>231,379</u>	<u>217,991</u>	<u>212,991</u>	<u>12,157</u>	<u>225,148</u>
Total Funds	<u>\$223,758</u>	<u>\$223,758</u>	<u>\$7,621</u>	<u>\$231,379</u>	<u>\$217,991</u>	<u>\$212,991</u>	<u>\$12,157</u>	<u>\$225,148</u>

### Program Description

The Administration program is the primary administrative support organization for the agency, including financial management, budgeting, personnel, communications supervision, and other administrative activities. It provides management support and supervision for the Army and Air National Guard programs, emergency and disaster programs, and administrative support to the Veterans' Affairs Division. The program also disburses funds to support the operation of the departmental headquarters.

### Special Session Action

The special session reduced the Administration program general fund appropriation \$5,000 in fiscal 1993. General fund supported rental of a car from the state motor pool and office equipment maintenance will be reduced.

### Language

"The Department of Military Affairs shall transfer to the general fund from federal contract reimbursement funds \$40,000 over the biennium."

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## ADMINISTRATION PROGRAM

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### Budget as Approved by the Regular 1991 Legislative Session

Personal services costs increase 6.4 percent due to vacancy savings in fiscal 1990, authorized upgrades for two positions, and continuation of the fiscal 1991 pay plan in the 1993 biennium.

Operating costs rise by 17.6 percent due to: 1) inclusion of the full cost of the legislative audit in fiscal 1992 (\$5,920); 2) travel increases of \$2,200 each year of the biennium to rent a car for business-related travel of the adjutant general and other agency personnel; 3) additional office equipment maintenance costs of \$1,309 each year; 4) inflationary adjustments in utilities of \$2,273 in fiscal 1992 and \$2,938 in fiscal 1993 and 5) other fixed cost increases. Some of the cost increases are offset by decreases in mainframe computer processing rates.

### Funding

The program is supported by general fund.

## ARMY NATIONAL GUARD PROGRAM

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	17.50	17.50		17.50	17.50	17.50		17.50
Personal Services	\$400,723	\$400,723	\$31,946	\$432,669	\$400,825	\$400,825	\$50,943	\$451,768
Operating Expenses	1,842,272	1,769,547	0	1,769,547	1,671,818	1,659,218	0	1,659,218
Benefits and Claims	2,280	2,280	0	2,280	2,280	2,280	0	2,280
Total Costs	\$2,245,275	\$2,172,550	\$31,946	\$2,204,496	\$2,074,923	\$2,062,323	\$50,943	\$2,113,266
<u>Fund Sources</u>								
General Fund	1,096,155	1,023,430	14,967	1,038,397	917,679	865,079	23,917	888,996
Federal Revenue Fund	1,149,120	1,149,120	16,979	1,166,099	1,157,244	1,197,244	27,026	1,224,270
Total Funds	\$2,245,275	\$2,172,550	\$31,946	\$2,204,496	\$2,074,923	\$2,062,323	\$50,943	\$2,113,266

### Program Description

The Army National Guard program sustains a trained and equipped military organization for use in the event of a state or national emergency. Program staff coordinate, plan, and implement training for guard personnel. The program is a joint state/federal effort with state responsibilities including maintenance of all National Guard facilities.

### Special Session Action

The special session reduced the Army National Guard program general fund appropriation \$72,725 in fiscal 1992 and \$52,600 in fiscal 1993. Federal funding was increased \$40,000 in fiscal 1993 as the agency believes that it can increase federal reimbursement for communications costs previously supported by general fund. The biennial appropriation for a budget modification for facilities repair and maintenance was reduced by \$67,625 in fiscal 1992. Operating reductions for this program are detailed in the agency narrative.

### Language

"The Department of Military Affairs shall transfer to the general fund from federal national guard funds \$183,431 over the biennium."



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## ARMY NATIONAL GUARD PROGRAM

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### Legislative Intent

The department is directed to submit the Army National Guard program budget request for the 1995 biennium in separate components for functions supported entirely by general fund, functions supported entirely by federal funds, and functions supported by general fund allocated as match for federal funds.

### Budget as Approved by the Regular 1991 Legislative Session

Personal services increase 42.6 percent due to: 1) approval of a budget modification for 1.0 FTE, which adds \$28,860 in fiscal 1992 and \$28,793 in fiscal 1993; 2) vacancy savings in fiscal 1990; and 3) continuation of the fiscal 1991 pay plan.

The operating budget increases 26.7 percent due to: 1) two budget modifications discussed below, which add \$207,514 in fiscal 1992 and \$21,268 in fiscal 1993; 2) utilities, maintenance, and communications costs authorized by budget amendment in fiscal 1990 and included in current level by the legislature, which add \$191,646 in fiscal 1992 and \$191,061 in fiscal 1993; and 3) inflationary increases in utility costs, which add \$26,936 in fiscal 1992 and \$38,724 in fiscal 1993. These increases are partially offset by reductions to the fiscal 1990 base, including removal of \$23,000 in utility costs for accrued but unpaid bills as of November 1, 1990.

Benefits and claims consist of payments to a national guardsman injured in a prison riot in 1954.

### Funding

The program is supported by general fund and federal funds. Depending on the use of the facilities maintained by the program, costs are funded either entirely by the state, entirely by federal funds, or as a shared responsibility with the state providing 25 percent of the funds.

Funding of personal services depends upon the time spent maintaining various facilities. The legislature continued the allocation of general fund in personal services consistent with House Bill 100 passed by the 1989 legislature, which limited the general fund for personal services to \$186,066 in fiscal 1992 and \$185,640 in fiscal 1993.

General fund increases are largely attributable to budget modifications approved by the legislature which add \$127,600 in fiscal 1992 and \$9,228 in fiscal 1993. The modified general fund increases are offset by: 1) decreases in current level costs that are fully or partially state funded, such as insurance, and 2) a funding switch that moves \$40,000 of communications costs in fiscal 1993 to federal funds.

## AIR NATIONAL GUARD PROGRAM

<u>Budget Item</u>	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	37.00	37.00		37.00	37.00	37.00		37.00
Personal Services	\$951,733	\$951,733	\$64,306	\$1,016,039	\$954,913	\$954,913	\$101,147	\$1,056,060
Operating Expenses	<u>687,011</u>	<u>687,011</u>	<u>0</u>	<u>687,011</u>	<u>638,860</u>	<u>638,860</u>	<u>0</u>	<u>638,860</u>
Total Costs	\$1,638,744	\$1,638,744	\$64,306	\$1,703,050	\$1,593,773	\$1,593,773	\$101,147	\$1,694,920
<u>Fund Sources</u>								
General Fund	194,429	194,429	2,989	197,418	182,313	182,313	4,733	187,046
Federal Revenue Fund	<u>1,444,315</u>	<u>1,444,315</u>	<u>61,317</u>	<u>1,505,632</u>	<u>1,411,460</u>	<u>1,411,460</u>	<u>96,414</u>	<u>1,507,874</u>
Total Funds	\$1,638,744	\$1,638,744	\$64,306	\$1,703,050	\$1,593,773	\$1,593,773	\$101,147	\$1,694,920

### Program Description

The Air National Guard program maintains a trained and equipped military organization for use in the event of a state or national emergency. The program staff provides clerical, facilities maintenance, and fire protection support to the Air National Guard base at Gore Hill near Great Falls.

### Language

"In the [Air National Guard program], up to two firefighter FTE may be added if the current contract is modified or becomes unnecessary." This language refers to a contract that the department has with the Great Falls airport to provide contracted firefighting services. If the contract is not renewed or is reduced, the language gives the department authority to add up to 2.0 FTE. Funds are to be moved from contracted services to personal services to pay for the added FTE, if necessary.

"The Department of Military Affairs shall transfer to the general fund from federal national guard funds \$183,431 over the biennium."

### Budget as Approved by the Regular 1991 Legislative Session

Personal services increase 4.3 percent due to: 1) vacancy savings in fiscal 1990; and 2) continuation of the fiscal 1991 pay plan.

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## AIR NATIONAL GUARD PROGRAM

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The operating budget increases 25.4 percent due to: 1) water costs at the Air National Guard base, which add \$53,550 annually and were not included in the original Executive request; 2) a budget modification request discussed below, which adds \$56,000 over the biennium; 3) inflationary increases in utility costs, which add \$18,825 in fiscal 1992 and \$26,611 in fiscal 1993; 4) increased contracted services costs of \$3,922 each year for janitorial services and \$3,838 each year for the contract with the Great Falls airport; and 5) increased maintenance costs for contracted snow removal of \$3,781 in fiscal 1992 and \$3,797 in fiscal 1993.

### Funding

Funding is a combination of general and federal funds. Personal services costs for firefighters, payroll service fees, and a contract with the Great Falls Airport for firefighter support are federally funded. All remaining personal services and operating costs are funded by general fund (25 percent) and federal funds (75 percent).

General fund costs increase 52.2 percent between fiscal 1990 and 1992 as the state matching rate approved by the legislature increased from 20.0 percent in fiscal 1990 to 25.0 percent in fiscal 1992. Federal cost participation declined as the National Guard Air Base was removed from 365 days per year, 24 hour alert status. Rising water costs increase general fund \$13,500 per year above the fiscal 1990 base. The biennial appropriation for the budget modification also increases general fund.

## DISASTER COORDINATION RESPONSE

<u>Budget Item</u>	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	13.00	13.00		13.00	13.00	13.00		13.00
Personal Services	\$378,601	\$378,601	\$24,908	\$403,509	\$377,910	\$377,910	\$40,259	\$418,169
Operating Expenses	83,072	83,072	0	83,072	74,345	74,345	0	74,345
Total Costs	\$461,673	\$461,673	\$24,908	\$486,581	\$452,255	\$452,255	\$40,259	\$492,514
<u>Fund Sources</u>								
General Fund	222,402	222,402	11,976	234,378	217,697	217,697	19,428	237,125
Federal Revenue Fund	239,271	239,271	12,932	252,203	234,558	234,558	20,831	255,389
Total Funds	\$461,673	\$461,673	\$24,908	\$486,581	\$452,255	\$452,255	\$40,259	\$492,514

### Program Description

The Disaster Coordination and Response program staff prepare, update, coordinate, and test all state emergency preparedness, response, and recovery plans. The program, working through four district representatives, provides coordination and operational, technical, administrative, and training support for each county. Every county is responsible for adopting an emergency response plan and each has a full or part-time county coordinator. Operating 24 hours a day, seven days a week, program staff coordinate and administer all state and federal response and recovery actions to any disaster beyond local governments' response and recovery capabilities. The program staff also administer all federal money passed through to eligible political subdivisions. Counties are eligible for 50 percent reimbursement of costs related to civil defense.

### Legislative Intent

The department is directed to submit the disaster and emergency services budget request for the 1995 biennium in separate components for federally funded functions, and for functions supported by general fund including general fund allocated as match for federal funds.

### Budget as Approved by the Regular 1991 Legislative Session

Personal services increase 1.1 percent due to: 1) vacancy savings in fiscal 1990; and 2) continuation of the fiscal 1991 pay plan.

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## DISASTER COORDINATION RESPONSE

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The operating budget increases 15.1 percent due to: 1) the cost of the legislative audit in fiscal 1992 (\$8,524); and 2) inflationary adjustments and fixed cost increases over the biennium.

### Funding

Program funding is equally split between federal and general funds, with two exceptions. Payroll service fees and travel to hazardous waste training are funded entirely by federal grants. Federally funded travel is increased in the 1993 biennium to allow the program to use the full allocation available.

During the 1991 biennium, state special revenue funds were budgeted as a state match in anticipation of receipt of a \$60,000 federal hazardous waste training grant. The actual grant award received was \$25,000. The agency was allowed to match federal funds with existing expenditures, alleviating the need for the state special revenue match.

## EMERGENCY MANAGEMENT DEVELOPMENT

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	9.00	9.00		9.00	9.00	9.00		9.00
Personal Services	\$242,289	\$242,289	\$18,354	\$260,643	\$241,989	\$241,989	\$29,550	\$271,539
Operating Expenses	71,116	71,116	0	71,116	67,773	67,773	0	67,773
Total Costs	\$313,405	\$313,405	\$18,354	\$331,759	\$309,762	\$309,762	\$29,550	\$339,312
Fund Sources								
Federal Revenue Fund	313,405	313,405	18,354	331,759	309,762	309,762	29,550	339,312
Total Funds	\$313,405	\$313,405	\$18,354	\$331,759	\$309,762	\$309,762	\$29,550	\$339,312

### Program Description

The Emergency Management Development program supplements the Disaster Coordination and Response program in the preparation and updating of local and state emergency preparedness plans. These efforts are federally funded for war-caused incidents, but under current guidelines can include planning for all hazards as long as other activity does not impede planning and response to war-caused incidents. The program also provides technical support for in place civil defense shelters and exercises, and radiological defense and monitoring.

### Language

"In [the earthquake budget modification], the department shall direct the earthquake program to local schools to the maximum extent possible."

### Legislative Intent

The department is directed to submit the disaster and emergency services budget request for the 1995 biennium in separate components for federally funded functions, and for functions supported by general fund including general fund allocated as match for federal funds.

### Budget as Approved by the Regular 1991 Legislative Session

FTE increase by 1.0 due to a budget modification for the earthquake program.

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## EMERGENCY MANAGEMENT DEVELOPMENT

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Personal services costs increase by 20.9 percent due to: 1) a budget modification, which adds \$26,711 in fiscal 1992 and \$26,649 in fiscal 1993; 2) vacancy savings in fiscal 1990; and 3) continuation of the fiscal 1991 pay plan in the 1993 biennium.

Operating costs increase 75.0 percent due to: 1) a budget modification for the earthquake program which adds about \$19,500 each year of the biennium; 2) travel increases of \$7,279 in fiscal 1992 and \$7,283 in fiscal 1993; 3) the cost of the legislative audit in fiscal 1992 of \$3,314; and 4) inflationary adjustments and fixed cost increases.

The Office of the Governor is statutorily appropriated \$2 million general fund whenever an emergency or disaster is declared by the Governor. House Bill 630 directs that if money expended for such disasters is recovered, the emergency spending authority is reinstated to a level reflecting the recovery.

### Funding

The program is funded by federal funds.

## LOCAL CIVIL DEFENSE REIMBURSEMENT PROGRAM

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	.00	.00		.00	.00	.00		.00
Grants	\$564,000	\$564,000	\$0	\$564,000	540,000	540,000	0	540,000
Total Costs	\$564,000	\$564,000	\$0	\$564,000	\$540,000	\$540,000	\$0	\$540,000
Fund Sources								
Federal Revenue Fund	564,000	564,000	0	564,000	540,000	540,000	0	540,000
Total Funds	\$564,000	\$564,000	\$0	\$564,000	\$540,000	\$540,000	\$0	\$540,000

### Program Description

The Local Civil Defense Reimbursement Program receives, records, and disburses federal funds to eligible political subdivisions. Federal programs include, but are not limited to: emergency management assistance; emergency operation center construction and furnishing; communication and warning equipment; supporting materials; and disaster recovery. Political subdivisions must provide matching funds for all federal reimbursement programs except disaster recovery.

### Legislative Intent

The department is directed to submit the disaster and emergency services budget request for the 1995 biennium in separate components for federally funded functions, and for functions supported by general fund including general fund allocated as match for federal funds.

### Budget as of the Regular 1991 Legislative Session

The grants budget declines by 26.1 percent from fiscal 1990 to fiscal 1992. The budget reflects the amount of funding expected by the department for pass-through grants to operate ongoing disaster preparedness programs in local governments. In previous biennia, the appropriation of \$2 million had included authority for disaster assistance which is appropriated by Section 10-3-203(2), MCA. The 1991 legislature appropriated only operating funds in this program, with the intent that the department fund costs paid by federal aid related to specific disasters with a statutory appropriation.

### Funding

The program is funded by federal funds.



## VETERANS' AFFAIRS PROGRAM

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	18.75	18.75		18.75	18.75	18.75		18.75
Personal Services	\$422,630	\$422,630	\$33,950	\$456,580	\$422,149	\$422,149	\$54,527	\$476,676
Operating Expenses	119,455	119,455	0	119,455	167,638	167,638	0	167,638
Total Costs	\$542,085	\$542,085	\$33,950	\$576,035	\$589,787	\$589,787	\$54,527	\$644,314
<u>Fund Sources</u>								
General Fund	474,356	474,356	32,488	506,844	468,162	468,162	52,195	520,357
State Revenue Fund	32,172	32,172	0	32,172	41,169	41,169	0	41,169
Federal Revenue Fund	35,557	35,557	1,462	37,019	80,456	80,456	2,332	82,788
Total Funds	\$542,085	\$542,085	\$33,950	\$576,035	\$589,787	\$589,787	\$54,527	\$644,314

### Program Description

The Veterans' Affairs Division provides a statewide service of assisting discharged veterans and their families, cooperating with state and federal agencies having to do with the affairs of veterans and their families, and promotes the general welfare of veterans with information on veterans' benefits. The program also administers the veterans' cemetery located at Fort Harrison in Helena.

### Budget as of the Regular 1991 Legislative Session

Personal services increase 5.3 percent due to: 1) vacancy savings in fiscal 1990; and 2) continuation of the fiscal 1991 pay plan.

The operating budget increases 88.0 percent due to: 1) passage of House Bill 723 (veterans' license plate fees) which adds \$22,500 in fiscal 1992 and \$46,500 in fiscal 1993; 2) including \$10,000 of state special revenue and \$20,000 of federal authority annually to operate the veterans' cemetery; 3) the cost of the legislative audit in fiscal 1992 (\$5,918); and 4) inflationary adjustments and fixed cost increases over the biennium.

### Funding

The program is funded by general fund, state special revenue, and federal funds. State special revenue includes donations from private sources to support the veterans' cemetery. The legislature appropriated state special revenue of \$10,000 annually to properly account for such donations which had been recorded in the federal fund type in the 1991 biennium. State special revenue from the sale of

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## VETERANS' AFFAIRS PROGRAM

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veterans' license plates, authorized by House Bill 723, adds \$22,500 in fiscal 1992 and \$31,500 in fiscal 1993. Federal funds also support cemetery operations and a 0.75 FTE cemetery sexton. Together the state special revenue and federal funds, included for the veterans' cemetery in the 1993 biennium, equal the amount of federal funding appropriated by the 1989 legislature. The balance of the program is supported by general fund.

## BUDGET REDUCTION

<u>Budget Item</u>	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	.00	.00		.00	.00	.00		.00
Personal Services	\$11,055-	\$31,834-	\$0	\$31,834-	\$10,019-	\$67,732-	\$0	\$67,732-
Total Costs	\$11,055-	\$31,834-	\$0	\$31,834-	\$10,019-	\$67,732-	\$0	\$67,732-
<u>Fund Sources</u>								
General Fund	11,055-	31,834-	0	31,834-	10,019-	67,732-	0	67,732-
Total Funds	\$11,055-	\$31,834-	\$0	\$31,834-	\$10,019-	\$67,732-	\$0	\$67,732-

## Special Session Action

During the 1991 regular session and the 1992 special session, the legislature imposed the reduction in the agency's general fund budget shown in the table above. Section 6 of House Bill 2 allows the agency, with the approval of the approving authority as defined in Section 17-7-102, MCA, to determine the proportional share of the amount to be applied to each program. The special session reduced the general fund appropriation of Military Affairs by an additional \$20,779 in fiscal 1992 and \$57,713 in fiscal 1993.



# HUMAN SERVICES





## DEPARTMENT OF HEALTH & ENVIRONMENTAL SCIENCES

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	384.94	384.94		384.94	386.94	386.94		386.94
Personal Services	11,798,476	11,684,572	760,538	12,445,110	11,317,717	11,225,244	1,233,552	12,458,796
Operating Expenses	22,090,726	22,065,594	0	22,065,594	17,446,797	17,315,165	0	17,315,165
Equipment	711,025	711,025	0	711,025	240,963	240,963	0	240,963
Grants	10,511,241	10,507,241	0	10,507,241	11,520,010	11,516,010	0	11,516,010
Benefits and Claims	7,144,657	7,144,657	0	7,144,657	7,142,026	7,142,026	0	7,142,026
Total Costs	\$52,256,125	\$52,113,089	\$760,538	\$52,873,627	\$47,667,513	\$47,439,408	\$1,233,552	\$48,672,960
Fund Sources								
General Fund	3,606,644	3,326,613	118,557	3,445,170	3,599,368	3,207,736	189,578	3,397,314
State Revenue Fund	12,813,236	12,950,231	182,498	13,132,729	7,702,783	7,866,310	296,454	8,162,764
Federal Revenue Fund	34,392,520	34,392,520	329,834	34,722,354	34,979,316	34,979,316	530,658	35,509,974
Proprietary Fund	1,443,725	1,443,725	129,649	1,573,374	1,386,046	1,386,046	216,862	1,602,908
Total Funds	\$52,256,125	\$52,113,089	\$760,538	\$52,873,627	\$47,667,513	\$47,439,408	\$1,233,552	\$48,672,960

### Agency Description

The Department of Health and Environmental Sciences (DHES) was created to protect and promote the health of the people of Montana through the implementation of public health programs and the enforcement of public health laws and regulations. The department is also responsible for ensuring that a safe and healthful environment exists in Montana through implementation of environmental protection programs and enforcement of environmental laws and regulations. Department staff is responsible for: 1) assessment of health care and environmental needs and problems in cooperation with local and private sources; 2) development and implementation of programs designed to meet health and environmental needs and alleviate problems; and 3) continual evaluation of current public health and environmental programs. The department administers the maternal and child health block grant, the preventive health block grant, and categorical grants from the federal government. Examples of categorical grants include federal funding for solid and hazardous waste, and air and water quality programs. The department is provided for in Section 2-15-2101, MCA, and its general powers and duties are specified in Section 50-1-202, MCA.

## DEPARTMENT OF HEALTH &amp; ENVIRONMENTAL SCIENCES

## Special Session Action

		Executive Budget Proposal		Legislative Budget Action			
		-----		-----		-----	
Description	Pgm	Fiscal 1992		Fiscal 1993		Fiscal 1992	
		General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
House Bill 2							
1 Director's Office	01	(\$8,495)		(\$8,495)		(\$8,495)	
2 Legal Charges	01	(6,632)		(6,632)		(6,632)	
3 Chemistry Laboratory	02	(8,093)	8,093	(8,093)	8,093	(8,093)	8,093
4 Public Health Laboratory	02	(16,625)	16,625	(16,625)	16,625	(16,625)	16,625
5 Vital Statistics Bureau	02	(34,544)	34,544	(34,544)	34,544	(34,544)	34,544
6 Air Quality Bureau	03	(53,525)	53,525	(53,525)	53,525	(53,525)	53,525
7 Food and Consumer Safety	03	(14,912)		(14,912)		(14,912)	
8 Occupational Health	03	(7,775)	7,775	(7,775)	7,775	(7,775)	7,775
9 Solid Waste Program	04	(16,433)	16,433	(16,433)	16,433	(16,433)	16,433
10 Subdivisions	05	(9,282)		(9,282)		(9,282)	
11 Subdivisions Pay Exceptions	05	(611)		(1,080)		(611)	
12 Health Planning	06	(1,451)		(1,451)		(1,451)	
13 Family Planning Bureau	07	(4,000)		(4,000)		(4,000)	
14 Miami Program	07	(13,639)		(13,639)			
15 Perinatal Program	07	(4,346)		(4,346)			
16 End Stage Renal Disease	08	(18,500)		(18,500)		(18,500)	
17 Licensing and Certification	09	(79,153)		(58,561)		(79,153)	
Sub-Totals		(298,016)	136,995	(303,117)	163,527	(280,031)	136,995
Other Appropriation Bills							
18 HB 876 - Miami Council	07	(1,120)				(1,120)	
Sub-Totals		(1,120)				(1,120)	
Grand Totals		(\$299,136)	\$136,995	(\$303,117)	\$163,527	(\$281,151)	\$136,995
						(\$391,632)	\$163,527



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## DEPARTMENT OF HEALTH & ENVIRONMENTAL SCIENCES

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The legislature reduced the general fund appropriation in all programs between 4 and 15 percent, with most programs reduced 8 percent. No reductions were made in the director's salary and related indirect assessments, the Board of Health, any program with a maintenance of effort or matching requirement or other federal requirement that would not be met if a reduction were made, the MTAMI and perinatal programs, or the pass-through funds to Shodair Hospital for genetics activities (which are offset by a charge on all health insurers). Funding for the End Stage Renal Program was eliminated in fiscal 1993.

- 1) Director's Office - General fund to support the medical advisor position in the Medical/Dental Unit was reduced by 15 percent each year. The position is funded as 1.0 FTE, but will only be working part-time.
- 2) Legal Charges - The 1991 legislature added general fund in a budget modification to allow general funded programs to pay for legal service costs charged by the department's legal unit. The \$82,897 appropriation was reduced by 8 percent each year.
- 3) and 4) Chemistry and Public Health Laboratories - General fund reductions of 8 percent each year were made in both the Chemistry and Public Health Laboratories, replaced with laboratory fee revenue. The department is authorized in statute to charge fees commensurate with the actual cost of the services provided. The 1991 legislature required the department to study the feasibility of funding the laboratories entirely with fee revenue, except as needed to provide testing for general funded department programs.
- 5) Vital Statistics - The Records and Statistics Bureau provides file searches and copies of birth and death certificates to the public, for which the department is authorized in statute to charge no less than \$5. This revenue is used to offset total expenses of the bureau. The legislature replaced general fund with the additional revenue anticipated to be generated as a result of increasing the fee from the present \$5 per copy to \$10. No legislative action is required to raise the fee.
- 6) Air Quality Bureau - General fund in this bureau was reduced by 15 percent each year and replaced with additional fee revenue generated from assessments on pollution sources, authorized by the 1991 legislature. In addition to providing program support, the general fund is used to meet maintenance of effort requirements on the bureau's Environmental Protection Agency (EPA) grant, which provides over one-half of the bureau's total funding. The maintenance of effort requirement will be met with the remaining general fund and fee revenue. The bureau received an approximately 70 percent increase in funding in the 1993 biennium over the actual fiscal 1990 expenditure level.
- 7) and 8) Food and Consumer Safety and Occupational Health Bureaus - A general fund reduction of 4 percent per year was made in both of these bureaus. The Food and Consumer Safety Bureau reduction will be met through a general program reduction. The reduction in the Occupational Health Bureau will be offset by asbestos project permit fees and civil penalties income. The fees and their expenditure by the department are currently authorized in statute.
- 9) Solid Waste Program - General fund, which provides approximately 26 percent of the program's total funding, was reduced by 8 percent each year and replaced with landfill fee income. During the 1993 biennium the department was authorized to charge fees to landfill operators to fund a program expansion to implement additional waste disposal regulations. This program expansion resulted in an appropriation increase of approximately 290 percent over actual fiscal 1990 expenditures.

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- 10, 11, and 12) Subdivisions, Subdivisions Pay Exceptions, and Health Planning - The Subdivisions Program was reduced by 4 percent, and funding for pay exceptions granted to certain environmental positions and the Health Planning Bureau reduced by 8 percent. The reductions will be met through vacancy savings. Because these savings are not anticipated in the second year in the Health Planning Bureau, reductions were made in fiscal 1992 only.
- 13) Family Planning - General fund in the Family Planning Bureau, which totals \$49,776 each year, is used to supplement federal grants to family planning organizations. The grants were reduced by 8 percent each year.
- 14) MIAMI Program - This appropriation, which was added in a budget modification by the 1991 legislature, is used to contract with providers for services designed to ensure that mothers and children receive quality maternal and child health services. The Executive Budget proposed that the appropriation be reduced by 8 percent each year, which would have reduced program grants. The legislature did not make any reduction to this program.
- 15) Perinatal Program - The Executive Budget proposed that the general fund appropriation for this program be reduced by 8 percent each year. The legislature did not make any reduction to this program.
- 16) End Stage Renal Disease - This \$125,000 per year appropriation, which is used to provide payments to persons suffering from chronic end stage renal disease, was reduced by 14.8 percent in fiscal 1992, and eliminated in fiscal 1993.
- 17) Licensing and Certification Bureau - The legislature reduced total general fund, which is approximately 22 percent of the total appropriation in fiscal 1992 and 24 percent in fiscal 1993, by approximately 15 percent in fiscal 1992 and 10 percent in fiscal 1993. The general fund is used to support state licensure activities and to match federal funds for Medicaid certification activities for all health care providers. If general fund is not sufficient to adequately match all federal Medicaid funds, language in House Bill 2 authorizes the department to seek a supplemental appropriation. The 1991 legislature had increased this bureau's fiscal 1992 general fund appropriation by approximately 50 percent over actual fiscal 1990 expenditures.
- 18) HB 876 - MIAMI Council - This \$14,000 biennial appropriation to expand the MIAMI Program to include morbidity review of births involving low birthweight babies was reduced by 8 percent.

### Language

"The total appropriation for the department includes \$2,204,426 in fiscal 1992 and \$2,204,426 in fiscal 1993 from the maternal and child health block grant. To the extent revenues from the grant exceed these amounts, they must be distributed to the counties based upon identifiable needs. To the extent revenues from the grant are less than these amounts, allocations must be reduced proportionately among state programs and grants to counties."

"The total appropriation for the department includes \$644,771 in fiscal 1992 and \$644,771 in fiscal 1993 from the preventive health block grant. To the extent revenues from the grant exceed these amounts, they shall be distributed at the discretion of the director of the department of health and environmental sciences based upon identifiable health care needs. To the extent revenues from the grant are less than these amounts, the director of the department shall make program reductions."

"[The appropriation for indirect costs is calculated]...using the following rates applied to 100% of personal services:

## DEPARTMENT OF HEALTH & ENVIRONMENTAL SCIENCES

General Rate	FY 92
Environmental Sciences Division	14.00%
Statewide Cost Allocation	3.00%
	3.75%
	FY 93
	12.00%
	3.00%
	3.75%

"Funds appropriated to the department [of Health and Environmental Sciences] for indirect cost recovery shall only be expended for that purpose."

"[The appropriation for environmental specialist pay exceptions]...may be used only to pay for the Blanket Pay Exception - Environmental Specialist Class Series and associated indirect costs, authorized by the Department of Administration on April 11, 1991."

### Budget as Approved by the Regular 1991 Legislative Session

The Executive Budget included a plan to reorganize the Department of Health and Environmental Sciences as part of a general reorganization of natural resource agencies. All environmental programs, with the exception of the Occupational Health, Asbestos Control, and Food and Consumer Safety programs, were included in the budget of the Department of Natural Resources and Conservation (Department of Natural Resources and Environment). This proposed reorganization was not enacted by the legislature. The Executive Budget also included funding for the Petroleum Release Compensation Board, pending action by the legislature removing its current statutory funding. Since this change was not approved, the board's expenditures continue to be statutorily funded in the 1993 biennium.

FTE increase by 85.59 in fiscal 1992 and by an additional 2.0 in fiscal 1993 due to budget modifications, continuation of FTE originally added via operational plan change in fiscal 1991 in the Superfund and State Superfund programs, and miscellaneous deletions. Personal services increase due to the additional FTE, pay plan exceptions granted by the Department of Administration, and continuation of the fiscal 1991 pay plan in the 1993 biennium. The legislature implemented a 4 percent across-the-board reduction in funding for the total agency personal services in fiscal 1992 and fiscal 1993, partially offsetting these increases. Personal services decrease from fiscal 1992 to fiscal 1993 because all biennial personal services added to continue the natural resources damage lawsuit against the Atlantic Richfield Company are included in fiscal 1992 only.

Operating expenses rise due primarily to budget modifications, an increase in indirect costs, and miscellaneous other additions described in the program narratives that follow.

The increase in equipment is primarily due to automation of the Women, Infants, and Children (WIC) offices in fiscal 1992.

Grants and benefits increase primarily due to an increase in federal funds available and increases in grants to nonprofit organizations for environmental activities.

#### Federal Block Grants

The department receives two federal block grants: 1) the maternal and child health block grant, and 2) the preventive health block grant. Actual fiscal 1990 expenditures and legislative allocations in the 1993 biennium are summarized in the table below.

## DEPARTMENT OF HEALTH &amp; ENVIRONMENTAL SCIENCES

Table 1  
Allocation of the Federal Block Grants  
1993 Biennium

Maternal and Child Health Block Grant			
	Actual FY 90	Appropriated FY 92	Appropriated FY 93
Revenue			
Total Federal Appropriation	\$2,396,333	\$2,204,426	\$2,204,426
Disbursements			
Dental/Medical Unit	\$55,369	\$43,874	\$43,844
Public Health Lab		46,039	45,725
Health Services Administration	28,340	30,078	30,038
Family Planning	29,000	28,871	28,871
Family/Maternal & Child Health Admin	184,978	221,097	219,079
Handicapped Children	835,083	839,828	837,737
Perinatal Program/Preventive Health Bureau Admin	152,894	179,786	179,125
Preventive Health Bureau Admin		5,187	6,967
Grants to Counties	671,765	689,090	689,090
Vaccine		103,540	101,774
Low Birthweight Prevention	65,999		
Case Management	21,117		
Carryover to Counties	351,788		
Total Disbursements	\$2,396,333	\$2,187,390	\$2,182,250
Unallocated		\$17,036	\$22,176
Preventive Health Block Grant			
	Actual FY 90	Appropriated FY 92	Appropriated FY 93
Revenue			
Total Federal Appropriation	\$590,597	\$644,771	\$644,771
Disbursements			
Public Health Laboratories	\$66,743	\$65,415	\$65,207
Health Services Administration	12,633	13,469	13,439
Emergency Medical Services	166,797	187,131	187,633
Family Planning	202,015	204,083	204,082
Perinatal Program/PH Bureau Admin	69,667		
Preventive Health Bureau Admin		84,084	81,228
AIDS Education Counties		20,000	20,000
Health Education		47,635	47,842
Rape Crisis	42,631	11,968	11,968
Director's Discretion	11,968		
Total Disbursements	\$590,597	\$633,785	\$631,399
Unallocated		\$10,986	\$13,372

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The department must expend at least \$11,290 for rape crisis each year in order to receive the preventive health block grant, which also includes a non-supplantation clause (the funds cannot be used to replace any current state support). The maternal and child health block grant has three primary requirements: 1) expenditures of state funds for similar programs must be maintained at least at the fiscal 1989 level; 2) at least 30 percent of the grant must be expended for services to children with special health care needs and 30 percent for primary care to pregnant women, mothers, and infants up to one year; and 3) the grant must be matched on a ratio of 3/7 state funds to 4/7 block grant. In the 1993 biennium, it is anticipated that this match will be met with general fund and state special revenues for current programs in DHES and the Office of Public Instruction and with services provided through the counties.

### Resource Indemnity Trust (RIT) Interest

DHES is statutorily allocated a total of 16 percent of the RIT interest: 12 percent for hazardous waste/CERCLA activities and 4 percent to address the release of hazardous wastes not listed on the federal priority listing (state superfund), which is deposited to the Environmental Quality Protection Fund (EQPF). The following table shows anticipated revenues to and legislative appropriations from these two accounts receiving RIT interest in the 1993 biennium.

## DEPARTMENT OF HEALTH &amp; ENVIRONMENTAL SCIENCES

Table 2  
Disbursements of Funds Receiving RIT Interest  
1993 Biennium

Revenues/Disbursements	----- 12% -----		----- BQPF -----	
	Fiscal 1992	Fiscal 1993	Fiscal 1992	Fiscal 1993
Beginning Fund Balance	\$749,198	\$843,731	\$828,358	\$924,548
Total Anticipated Revenue	<u>1,033,641</u>	<u>1,110,047</u>	<u>1,389,159*</u>	<u>1,422,316*</u>
Total Revenue Available	<u>\$1,782,839</u>	<u>\$1,953,778</u>	<u>\$2,217,517</u>	<u>\$2,346,864</u>
<u>Disbursements</u>				
Department of Health				
Env. Quality Protection Fund			\$1,000,000	\$1,000,000
Solid/Hazardous Waste Div.				
Hazardous Waste	\$182,511	\$179,990		
Underground Storage Tanks	56,643	55,737		
Leaking Underground Storage Tanks	78,805	78,463		
Superfund Core	23,525	23,231		
State Superfund			292,969	313,128
Water Quality Division	124,459	121,832		
Water Quality Management	83,267	83,242		
Water Pollution Control	183,140	181,552		
Public Water Supply	105,264	104,848		
Clark Fork	<u>101,494</u>	<u>99,903</u>		
EQC Groundwater				
Total Disbursements	<u>\$939,108</u>	<u>\$928,798</u>	<u>\$1,292,969</u>	<u>\$1,313,128</u>
Ending Fund Balance	\$843,731	\$1,024,980**	\$924,548	\$1,033,736**

\*Four percent RIT totals \$325,293 in fiscal 1992 and \$347,151 in fiscal 1993. The revenue estimates assume \$1,000,000 damages and other reimbursements to the BQPF.

\*\*In the January, 1992 special session of the legislature, the executive proposed that a total of \$1,000,000 from either or both accounts be transferred to the general fund (House Bill 8). The legislature did not make this transfer.

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## DEPARTMENT OF HEALTH & ENVIRONMENTAL SCIENCES

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### Indirect Costs

Certain functions in the Centralized Services Division and the Director's Office are funded with indirect charges because they provide services department-wide. All Department of Administration data network charges will also be funded with indirect assessments in the 1993 biennium. The charge is assessed against the actual personal services costs of all programs. The following table shows the programs and current level costs funded with indirect charges and the amounts added to the divisions and programs of the department to fund the assessment.

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Table 3  
Indirect Costs - Recipient and Assessed Programs  
1993 Biennium

Program	Actual Fiscal 1990	Recipient Programs Appropriated Fiscal 1992	Assessed Programs Appropriated Fiscal 1993
Director's Office			
Director	\$225,787	\$227,819	\$227,853
Budget Modifications		25,529	25,472
Centralized Services			
Division Administration	171,018	155,287	157,368
Support Services*	534,876	683,645	629,477
Budget Modifications		46,922	46,818
Environmental Sciences			
Division Administration	0	145,559	142,903
Total	\$931,681	\$1,284,761	\$1,229,891
Program			
Director's Program			
Centralized Services**	\$25,472	\$37,614	\$32,232
Budget Modifications	118,820	147,104	126,085
Environmental Sciences		11,359	9,727
Budget Modifications	138,062	216,976	193,529
Solid/Hazardous Waste		170,182	72,475
Budget Modifications	166,215	340,056	304,335
Water Quality		131,599	119,902
Budget Modifications	177,584	298,305	268,234
Health Services		120,088	109,601
Family/MCH Bureau	60,501	63,609	54,899
Preventive Health Bureau	99,353	132,023	116,833
Budget Modifications	84,217	98,648	87,289
Licensing and Certification		9,381	8,306
Budget Modifications	104,935	163,715	143,327
Total	\$975,159	\$2,025,531	\$1,721,192

\*Includes all Department of Administration data network charges totaling \$137,298 in fiscal 1992 and \$137,299 in fiscal 1993.

As shown, indirect costs assessed are significantly higher than actual fiscal 1990 costs and exceed the indirect-supported program costs. This is due to three factors:



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## DEPARTMENT OF HEALTH & ENVIRONMENTAL SCIENCES

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1) A portion of the assessment made against federal funds is deposited to the general fund under the statewide cost allocation plan (SWCAP).

2) The rate in fiscal 1990 was applied against actual personal services costs. The 1993 biennium rate is applied for budgeting purposes against the budgeted personal services costs, which are higher due to additional FTE.

3) Environmental Sciences Division Administration, which had been entirely funded with general fund and state RIT interest, will now be supported through indirect charges made against all funding sources in the division. As a result, all programs of the Environmental Sciences Division, including the Solid and Hazardous Waste Bureau and the Water Quality Bureau, will be assessed an additional rate.

Language in House Bill 2 specifies the indirect rates to be charged each program. The legislature also expressed its intent that the indirect charges appropriated in the 1993 biennium not be used to expand agency operations funded with indirect charges.

### Pay Plan Exceptions

In fiscal 1991, the Department of Administration granted pay plan exceptions (which extend for two years) to environmental engineers, environmental specialists, and health care facility surveyors. The legislature fully funded these increases, which are shown in the following table. The table includes the 4 percent personal services reduction, as well as the reduction made by the legislature in special session in January, 1992.

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Table 4  
Pay Plan Exceptions Granted  
1993 Biennium

	<u>Fiscal 1992</u>	<u>Fiscal 1993</u>
<u>Expenditures</u>		
Environmental Engineers		
Environmental Sciences Division	\$21,664	\$21,617
Solid/Hazardous Waste Bureau	12,810	12,781
Water Quality Bureau	74,083	73,894
Environmental Specialists		
Environmental Sciences Division	69,317	69,317
Solid/Hazardous Waste Bureau	201,780	202,857
Water Quality Bureau	105,564	107,976
Facility Surveyors		
Licensing/Certification/Construction Bureau	121,159	120,875
Special Session Budget Reduction	(611)	(1,080)
Water Quality Bureau	<u>113,982</u>	<u>106,790</u>
Indirect Assessments		
Total Expenditures	<u>\$719,748</u>	<u>\$715,027</u>
<u>Funding</u>		
General Fund	\$85,306	\$86,686
State Special Revenue	211,598	212,132
Federal Funds	<u>422,844</u>	<u>416,209</u>
Total Funding	<u>\$719,748</u>	<u>\$715,027</u>

## DEPARTMENT OF HEALTH &amp; ENVIRONMENTAL SCIENCES

## Summary of Budget Modifications

	PGM	FTE	General Fund	Other Funds	FTE	General Fund	Other Funds
			FY 1992-			FY 1993-	
1 Personnel Officer	01	1.00		\$25,529	1.00		\$25,472
2 Legal Services Charge System	01					\$76,265	
3 Support Staff	02	2.00		46,922	2.00		46,818
4 Newborn PKU Screening	02	1.00		76,552	1.00		28,772
5 Safe Drinking Water - Chem	02	1.00		40,479	1.00		39,853
6 Safe Drinking Water - PH	02	1.00		39,847	1.00		39,306
7 Specialist Pay Exceptions	03			82,927			81,540
8 Air Quality	03	6.50		333,358	6.50		328,747
9 New Food and Consumer Regs.	03			267,375			267,375
10 Asbestos Control	03	1.00		92,919	1.00		92,239
11 Natural Resources Lawsuit	03	8.00		4,908,049	9.00		
12 Air Quality - Permits	03	6.00		301,338	6.00	13,491	
13 Specialist Pay Exceptions	04		13,725	225,463			297,979
14 Hazardous Waste	04	4.00		195,934	4.00		222,900
15 Landfill Management	04	3.00		138,367	3.00		192,712
16 BN/ARCO Special Projects	04	5.00		312,348	5.00		136,501
17 Landfill - BQC	04	5.34		297,066	5.84		308,898
18 HB660 - Landfill	04	2.00		95,008	2.00		298,376
19 Specialist Pay Exceptions	05		7,036	118,198		6,436	95,008
20 AG Monitoring	05			15,000			118,992
21 S8136-Water Quality Districts	05	.50		18,539	.50		15,000
22 Groundwater Pollution Ctrl.	05	2.00		112,373	2.00		18,504
23 Wastewater Operators	05	.25		10,787	.25		111,203
24 Subdivisions	05	1.00	44,386		1.00	40,213	8,901
25 Public Water Supply	05	9.25		928,840	9.75		925,119
26 Nonpoint Source Pollution	05	2.00		1,423,271	2.00		1,422,188
27 Groundwater - BQC Permit Rev	05	2.50		101,494	2.50		99,903
28 Groundwater -BQC Lawyer	05	1.00		46,378	1.00		45,590
29 Child Nutrition	07			1,634,000			2,642,000
30 Women, Infants, Children	07			1,122,486			1,122,486
31 MIAMI Program	07		171,468			169,608	
32 Chronic Disease Prevention	08	.50		40,054	.50		39,850
33 AIDS Education to Counties	08			20,000			20,000
34 Sexually Transmitted Disease	08	1.50		79,556	1.50		78,656
35 Vaccine	08			103,540			101,774
36 AIDS	08			33,583			32,757
37 Federal Nursing Home Reform	09	15.00	47,681	802,065	15.00	64,101	724,616
38 Fed Nursing Home Ref - Hearings	09		10,275	126,727		13,700	123,302
TOTALS		82.34	\$370,836	\$14,216,372	84.34	\$383,814	\$10,153,337

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- 1) Personnel Specialist - 1.0 FTE and \$25,529 in fiscal 1992 and \$25,472 in fiscal 1993 were added to continue a personnel specialist added via budget amendment in fiscal 1990 to assist current staff due to increased workload resulting from program expansion and staff turnover. The position is funded with indirect charges.
- 2) Legal Unit Charge System - Beginning in the 1993 biennium, the Legal Unit is funded from charges made to the programs using its services. General fund of \$82,897 was added each year by the 1991 legislature to pay for legal service costs charged to agency programs supported with general fund. The appropriation was reduced by \$6,632 to \$76,265 each year by the legislature in special session in January, 1992.
- 3) Support Staff - Two FTE and indirect funds of \$46,922 in fiscal 1992 and \$46,818 in fiscal 1993 were added due to increased workload associated with federal reporting and accounting requirements.
- 4) Newborn PKU Screening - One FTE and \$76,552 in fiscal 1992 and \$28,772 in fiscal 1993 were added to perform repeat testing in the Newborn PKU Testing program to assure that quality assurance standards are met. Equipment of \$47,237 is included in fiscal 1992 only. The modification is funded with fees charged for the testing.
- 5) Safe Drinking Water - Chemistry Laboratory - This modification adds 1.0 FTE and related expenses totaling \$40,479 in fiscal 1992 and \$39,853 in fiscal 1993 to handle changes in federal regulations and additional federal testing requirements for the safe drinking water laboratory certification program. The position was originally added via budget amendment in fiscal 1991 and is funded with laboratory fee income.
- 6) Safe Drinking Water - Public Health Laboratory - A second position added via budget amendment in fiscal 1991 due to changes in federal safe drinking water requirements was added in the Public Health Laboratory. Total personal services and related operating expenses are funding with laboratory fee income of \$39,847 in fiscal 1992 and \$39,306 in fiscal 1993.
- 7) Specialist Pay Exceptions - Funding for pay plan exceptions and related indirect assessments for environmental specialists in the Air Quality Bureau, Asbestos Control program, and the natural resource lawsuit was added, at a total cost of \$82,927 in fiscal 1992 and \$81,540 in fiscal 1993 of state and federal special revenue funds.
- 8) Air Quality Bureau - This modification was added to implement EPA mandated responsibilities for the Montana Air Quality program and to provide additional support for county air quality programs in western Montana. The addition is funded with federal funds totaling \$248,386 in fiscal 1992 and \$247,976 in fiscal 1993 and with fees assessed against pollution sources totaling \$84,972 in fiscal 1992 and \$80,771 in fiscal 1993. Collection and expenditure of the fees was authorized in House Bill 781.
- 9) New Food and Consumer Bureau Regulations - State special revenue totaling \$267,375 was added each year due to new and expanded licensing and inspection requirements for public accommodations, campgrounds, food establishments, and swimming pools, included in House Bills 987, 988, 989, and 994. The increase, which includes grants of \$223,550 and department operating expenses of \$43,825 each year, is funded with new and increased fees on operators.

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- 10) Asbestos Control Program - 1.0 FTE added via budget amendment in fiscal 1991 is continued due to increased workload in the Asbestos Control program. The modification is entirely funded with asbestos permit fees and civil penalties. Expenditure of the fees and penalties to support the Asbestos Control Program was authorized in Senate Bill 288.
- 11) Natural Resources Damage Assessment and Litigation - A biennial appropriation of \$4,908,049 of state special revenue was added to continue the natural resources lawsuit against AROO. The department is authorized to receive an interentity loan from the general fund, which would be paid back through reimbursements from AROO. All expenditures for the biennium appear in fiscal 1992 only in the main table. The personal services reduction reduced the appropriation from the level included in the House Bill 2 language.
- 12) Air Quality Bureau - Permits - A second modification in the Air Quality Bureau adds 6.0 FTE and related operating expenses to expedite permit review due to current delays. The addition of \$301,338 in fiscal 1992 and \$297,979 in fiscal 1993 is entirely funded with permit fees authorized in House Bill 781.
- 13) Specialist Pay Exceptions - Funding for pay plan exceptions and related indirect assessments for environmental specialists is added at a total cost of \$239,188 in fiscal 1992 and \$236,391 in fiscal 1993. The funding sources are general fund of \$13,725 in fiscal 1992 and \$13,491 in fiscal 1993, state special revenue of \$125,490 in fiscal 1992 and \$124,583 in fiscal 1993, and federal revenue of \$99,973 in fiscal 1992 and \$98,317 in fiscal 1993.
- 14) Hazardous Waste - A total of 4.0 FTE and \$195,934 in fiscal 1992 and \$192,712 in fiscal 1993 was added to make the Montana Hazardous Waste program conform to recent amendments to the federal Resource Conservation and Recovery Act. The modification is funded 75 percent (\$147,306 in fiscal 1992 and \$144,889 in fiscal 1993) from federal hazardous waste funds, with the 25 percent required state match of \$48,628 in fiscal 1992 and \$47,823 in fiscal 1993 funded with RIT interest.
- 15) Landfill Management - This budget modification adds 3.0 FTE to implement additional waste disposal regulations and to respond to requests for technical assistance resulting from changes in federal waste management laws. The total cost of \$138,367 in fiscal 1992 and \$136,501 in fiscal 1993 is funded with fees imposed on landfill operators. Collection and expenditure of these fees was authorized in Senate Bill 209.
- 16) BN/AROO Special Projects - 5.0 FTE are added to continue activities associated with Superfund clean-up at the Burlington Northern (BN) rail yard in Livingston and at the Atlantic Richfield (AROO) national priority list clean-up sites in the Clark Fork River Basin. BN and AROO would pay the entire cost through deposits to a state special revenue fund.
- 17) Landfill Management - EQC - This modification adds 5.34 FTE in fiscal 1992 and an additional 0.5 FTE in fiscal 1993 upon recommendation of the Environmental Quality Council (EQC) to further expand the Solid Waste/Landfill program in response to changes in waste disposal regulations. The modification also includes \$60,000 in fiscal 1992 and \$30,000 in fiscal 1993 to develop a solid waste plan. Funding is derived from fees imposed on landfill operators authorized in Senate Bill 209.
- 18) HB 660 - Landfill - 2.0 FTE and \$95,008 each year are added to implement the provisions of House Bill 660, which requires the regulation of additional solid waste generators. Funding is derived from fees imposed on landfill operators authorized in Senate Bill 209.

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## DEPARTMENT OF HEALTH & ENVIRONMENTAL SCIENCES

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- 19) Specialist Pay Exceptions - Funding for pay plan exceptions and related indirect assessments for environmental specialists is added totaling \$125,234 in fiscal 1992 and \$125,428 in fiscal 1993. The funding sources are general fund of \$7,036 in fiscal 1992 and \$6,436 in fiscal 1993, state special revenue of \$42,983 in fiscal 1992 and \$45,023 in fiscal 1993, and federal revenue of \$75,215 in fiscal 1992 and \$73,969 in fiscal 1993. These totals include a reduction in the general fund appropriation originally made by the 1991 legislature of \$611 in fiscal 1992 and \$1,080 in fiscal 1993 by the legislature in special session in January, 1992.
- 20) Aq Monitoring - Permit fees of \$15,000 were added each year to monitor groundwater pollution as a result of pesticide application. The department, which shares funds for this purpose with the Department of Agriculture, received a general fund appropriation of \$15,000 per year in the 1991 biennium, but made no expenditures.
- 21) SB 136 - Water Quality Districts - .50 FTE and RIT interest of \$18,539 in fiscal 1992 and \$18,504 in fiscal 1993 were added to implement Senate Bill 136, which provides for the establishment of local water quality districts and authorizes the department to approve and monitor implementation of local water quality programs.
- 22) Groundwater Pollution Control - Federal funds totaling \$112,373 in fiscal 1992 and \$111,203 in fiscal 1993 were added to implement new federally mandated groundwater quality protection programs, including wellhead protection, pesticides in groundwater, and nonpoint pollution control.
- Budget modifications #23 - #25 were added to implement recommendations of the Public Water Supply Task Force.
- 23) Wastewater Operators - 0.25 FTE and related expenses totaling \$10,787 in fiscal 1992 and \$8,901 in fiscal 1993 of wastewater operator fee income were added to provide additional training to wastewater facility personnel.
- 24) Subdivisions - 1.0 FTE was added to the Subdivisions program to review subdivisions plans and to ensure that plans are followed. The total cost of \$44,386 in fiscal 1992 and \$40,213 in fiscal 1993 is funded with general fund. The department is authorized to collect no more per parcel than the actual subdivisions review costs. Income generated is deposited to the general fund to offset costs of the program.
- 25) Public Water Supply - This budget modification adds \$928,840 in fiscal 1992 and \$925,119 in fiscal 1993 to the Public Water Supply program to implement federally mandated program expansions. The appropriation includes over \$475,000 each year in contract services. Funding includes fees from public water supply sources of \$625,017 in fiscal 1992 and \$622,756 in fiscal 1993, and federal safe drinking water funds of \$303,823 in fiscal 1992 and \$302,363 in fiscal 1993. Collection and expenditure of the fees was authorized in Senate Bill 407.
- 26) Nonpoint Source Pollution - This modification adds federal nonpoint source pollution control funds to develop and implement a nonpoint source water pollution control program as required by 1987 amendments to the federal Clean Water Act. Included is 2.0 FTE and related operating expenses for program administration, with remaining funds of \$1,264,291 in fiscal 1992 and \$1,256,244 in fiscal 1993 passed through to non-profit organizations to implement on-the-ground nonpoint source controls.

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## DEPARTMENT OF HEALTH & ENVIRONMENTAL SCIENCES

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- 27) Groundwater Pollution Control - EOC Permit Review - This modification adds 2.0 FTE for groundwater permit review and spill response and an additional .50 FTE administrative staff, upon recommendation of the Environmental Quality Council. Funding of \$101,494 in fiscal 1992 and \$99,903 in fiscal 1993 is derived from RIT interest.
- 28) Groundwater Pollution Control - EOC Lawyer - 1.0 FTE lawyer and related expenses were added upon recommendation of the Environmental Quality Council (EOC) to assist current legal staff with groundwater regulation enforcement. Approval of this modification is contingent upon the availability of federal funds for this purpose.
- 29) Child Nutrition Grants - An additional \$1,634,000 in fiscal 1992 and \$2,642,000 in fiscal 1993 of federal funds is added to provide grants to local food programs for additional food costs associated with increased numbers of children receiving meals under the Child Nutrition program.
- 30) Women, Infants, and Children (WIC) Program - Federal USDA funds of \$1,122,486 each year were added for anticipated increased costs of providing food through the WIC program due to more program participants and increased food costs, and to maximize state usage of total anticipated funds.
- 31) MIAMI Program - The MIAMI program, which is designed to ensure that mothers and children receive quality maternal and child health services, was increased by \$171,468 in fiscal 1992 and \$169,608 in fiscal 1993 in contract services. The program is funded with general fund, which would be used by program contractees to match federal funds.
- 32) Chronic Disease Prevention - 0.50 FTE, related operating expenses, and grants to counties for pilot programs were added to the Chronic Disease program. The additional federal funds would allow continued development of an information system to determine risk factors related to the leading causes of morbidity and mortality in Montana.
- 33) AIDS Education to Counties - Preventive health block grant funds of \$20,000 each year were added to provide additional AIDS education in counties.
- 34) Sexually Transmitted Diseases (STD) - This modification adds 1.5 FTE and \$79,556 in fiscal 1992 and \$78,656 in fiscal 1993 of federal funds for increased information and education about STD's, improved comprehensive STD surveillance, and provision of a syphilis screening plan for high risk populations.
- 35) Vaccine - Maternal and child health block grant funds of \$103,540 in fiscal 1992 and \$101,774 in fiscal 1993 were added to provide additional vaccine against measles, mumps, and rubella.
- 36) AIDS - This modification adds \$33,583 in fiscal 1992 and \$32,751 in fiscal 1993 to maximize federal funds availability. This program is responsible for detecting and preventing the further spread of HIV infection.
- 37) Federal Nursing Home Reform - This modification adds 15.0 FTE and related operating expenses to continue implementation of new programs and expanded certification requirements contained in the federal Omnibus Budget and Reconciliation Act (OBRA) of 1987. These positions were originally added via budget amendment in fiscal 1991. Funding is from three sources: 1) federal medicare funds totaling

## DEPARTMENT OF HEALTH & ENVIRONMENTAL SCIENCES

\$577,784 in fiscal 1992 and \$534,791 in fiscal 1993; 2) federal medicaid funds totaling \$224,281 in fiscal 1992 and \$189,825 in fiscal 1993; and 3) general fund of \$47,681 in fiscal 1992 and \$64,101 in fiscal 1993, which provides the required match on medicaid funds. The difference in general fund between years is due to a change in the required match rate.

38) Federal Nursing Home Reform - Hearings - Federal regulations require the department to conduct residents' rights violation hearings. An additional \$137,002 each year was added to allow the department to contract for assistance in conducting the hearings. The funding sources are federal medicare and medicaid funds of \$126,727 in fiscal 1992 and \$123,302 in fiscal 1993 and general fund of \$10,275 in fiscal 1992 and \$13,700 in fiscal 1993, which provides the required match on medicaid funds.

### Funding

General fund increases primarily because of the increased indirect assessments and the addition of budget modifications, partially offset by the 4 percent personal services reduction. State special revenue increases primarily due to the addition of fees to support additional air quality, landfill, and public water supply services, funding of the natural resources lawsuit against Atlantic Richfield (ARCO), the addition of authority to expend funds from the Environmental Quality Protection Fund, and additional laboratory expenditures. Federal revenue increases primarily due to expansions in the environmental programs and increased federal fund availability for nutritional programs and facility licensure and certification. Proprietary revenue, which consists of indirect charges to fund central functions of the department and charges by the Legal Unit, rises due to budget modifications and the change in funding of the Legal Unit and Environmental Sciences Division Administration.

### Other Legislation

Bill No./Description	Fiscal 1992		Fiscal 1993	
	FTE	General Fund	FTE	General Fund
HB 414 - Water Quality Rehab				
HB 696 - Genetics Program				
HB 728 - Food and Nutrition		\$1,069,299		***
HB 876 - MIAMI Program		12,880		***
		<u>12,880</u>		<u>***</u>
Totals	<u>0.00</u>	<u>\$1,082,179</u>	<u>0.00</u>	<u>\$0</u>
		<u>\$1,156,254</u>		<u>\$62,882</u>

\* Statutory appropriation.

\*\* Federal funds totaling \$7,000 is a biennial appropriation.

\*\*\* Biennial appropriation.



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House Bill 8 appropriates a total of \$664,870 over the biennium for various reclamation and development projects to be completed by DHEs, funded with Resource Indemnity Trust (RIT) interest from the reclamation and development account. The funds are appropriated to the Department of Natural Resources and Conservation to grant to DHEs and do not appear in the table.

House Bill 414 establishes a water quality rehabilitation account and statutorily appropriates funds in the account to the department to respond to emergency water pollution events and to repair or mitigate damage. A maximum of \$20,000 each year of fines and civil penalties collected are deposited into the account up to an account maximum of \$100,000. Any excess over these amounts is deposited to the general fund.

House Bill 696 appropriates \$1,069,299 of general fund over the biennium for continuation of the genetics program. The department contracts with Shodair Hospital to provide testing, counseling, and education to parents and prospective parents. The general fund appropriation is offset by a fee of \$.70 for each Montana resident insured under any individual or group disability or health insurance policy. These fees are deposited in the general fund.

House Bill 728 appropriates \$7,000 of federal funds over the biennium to fund a state advisory council on food and nutrition, and federal funds of \$67,075 in fiscal 1992 and \$62,882 in fiscal 1993 to fund a public health nutritionist. The legislation also mandates that a plan for expanding the Women, Infants, and Children program to all Montana counties be submitted to the 1993 legislature.

House Bill 876 appropriates \$12,880 of general fund over the biennium to the department to expand the MIAMI program to include morbidity review of births involving low birthweight babies. The original appropriation made by the 1991 legislature of \$14,000 over the biennium was reduced by \$1,120 by the January, 1992 special session of the legislature.

## DIRECTOR'S OFFICE

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	13.00	13.00		13.00	13.00	13.00		13.00
Personal Services	477,264	468,769	46,362	515,131	476,663	468,168	70,630	538,798
Operating Expenses	<u>198,240</u>	<u>191,608</u>	<u>0</u>	<u>191,608</u>	<u>193,144</u>	<u>186,512</u>	<u>0</u>	<u>186,512</u>
Total Costs	\$675,504	\$660,377	\$46,362	\$706,739	\$669,807	\$654,680	\$70,630	\$725,310
<u>Fund Sources</u>								
General Fund	219,318	204,191	6,512	210,703	216,483	201,356	9,856	211,212
Federal Revenue Fund	43,874	43,874	2,367	46,241	43,844	43,844	3,492	47,336
Proprietary Fund	<u>412,312</u>	<u>412,312</u>	<u>37,483</u>	<u>449,795</u>	<u>409,480</u>	<u>409,480</u>	<u>57,282</u>	<u>466,762</u>
Total Funds	\$675,504	\$660,377	\$46,362	\$706,739	\$669,807	\$654,680	\$70,630	\$725,310

### Program Description

The Director's Office provides for the overall management and policy development of the department. Included in this program are:

- 1) the Director, which includes the deputy director and personnel unit;
- 2) the Board of Environmental Sciences, which is a quasi-judicial board appointed by the Governor to advise the department in public health matters;
- 3) Legal Unit, which provides legal representation for the department in addition to enforcing several federal statutes, such as the Federal Clean Air Act, the Resource and Recovery Act, the Clean Water Act, and respective implementing regulations; and
- 4) Medical/Dental Unit, which provides education and preventive services to improve the oral and physical health of Montanans.

### Special Session Action

General fund appropriated for legal services charges and the salary and related benefits of the medical director were reduced. For a more detailed discussion, see the Special Session Action table and discussion within the "Agency" narrative.

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## DIRECTOR'S OFFICE

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### Language

"The Director's Office includes \$82,897 of general fund each year within the Legal Unit that may only be used to pay legal services billed to programs funded by the general fund within the Department of Health and Environmental Sciences. None of this appropriation may be transferred to other programs."

### Budget as Approved by the Regular 1991 Legislative Session

FTE increase by 2.0 as the net result of four adjustments: 1) the 1.0 FTE dentist position was eliminated; 2) a 1.0 FTE medical director was added to advise the department director on medical issues, as the director is no longer required to be a medical doctor; 3) 1.0 FTE legal staff was transferred from the Air Quality and Solid and Hazardous Waste bureaus to the Legal Unit; and 4) 1.0 FTE personnel specialist was added in the budget modification discussed below.

Personal services increase due to the additional FTE, continuation of the fiscal 1991 pay plan increase in the 1993 biennium, and vacancy savings experienced in fiscal 1990, partially offset by the application of a 4 percent personal services reduction.

Operating expenses increase from fiscal 1990 to fiscal 1992 primarily due to: 1) the addition of \$82,897 each year in a budget modification for legal services for programs supported by the general fund (Budget Modification #2); 2) an increase in indirect charges of \$12,142 in fiscal 1992 and \$6,760 in fiscal 1993; and 3) a reduction in dental operating expenses of \$9,258 to \$25,000 each year due to elimination of the dentist position. The remaining expenses are to purchase dental supplies for distribution to schools.

### Funding

The following table shows the components of the Director's Office and related funding. The table reflects action taken in the January, 1992 special session of the legislature.

# DIRECTOR'S OFFICE

Table 5  
Director's Office  
Fiscal 1990, 1993 Biennium

	<u>---Fiscal 1990---</u>		<u>---Fiscal 1992---</u>		<u>---Fiscal 1993---</u>	
	<u>FTE</u>	<u>Expenditures</u>	<u>FTE</u>	<u>Appropriation</u>	<u>FTE</u>	<u>Appropriation</u>
Director	7.00		8.00		8.00	
General Fund		\$ 66,705		\$ 69,640		\$ 68,248
Indirect Assessments		225,787		253,348		253,325
Board of Health						
General Fund		5,369		10,166		10,102
Legal Unit	3.00		4.00		4.00	
General Fund		127,741		76,265		76,265
State Special Assessments		504		158,964		156,155
Dental/Medical	1.00		1.00		1.00	
General Fund		13,685		48,120		46,741
MCH Block Grant		55,370		43,874		\$43,844
Total	11.00	\$495,161	13.00	\$660,377	13.00	\$654,680

The Director is funded with indirect charges, with general fund supporting the director's salary and related indirect costs. Proprietary funds, which support the Legal Unit, increase 82.6 percent, as the Legal Unit was funded with general fund in the 1991 biennium. In the 1993 biennium, the Legal Unit is funded with charges billed to the programs using the services, with general fund added to pay for legal charges billed to general fund supported programs as needed. In fiscal 1990, state special revenue consisted of RIT funds for the BN and Clark Fork civil action and fees used to pay for a portion of the Legal Unit's data base.

## CENTRALIZED SERVICES DIVISION

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	65.50	65.50		65.50	65.50	65.50		65.50
Personal Services	1,648,526	1,648,526	162,926	1,811,452	1,648,108	1,648,108	275,473	1,923,581
Operating Expenses	1,026,771	1,026,771	0	1,026,771	845,067	845,067	0	845,067
Equipment	81,164	81,164	0	81,164	1,927	1,927	0	1,927
Total Costs	\$2,756,461	\$2,756,461	\$162,926	\$2,919,387	\$2,495,102	\$2,495,102	\$275,473	\$2,770,575
<u>Fund Sources</u>								
General Fund	575,412	516,150	30,537	546,687	562,668	476,950	49,746	526,696
State Revenue Fund	1,081,941	1,141,203	44,923	1,186,126	886,976	972,694	70,830	1,043,524
Federal Revenue Fund	213,254	213,254	6,116	219,370	211,795	211,795	9,636	221,431
Proprietary Fund	885,854	885,854	81,350	967,204	833,663	833,663	145,261	978,924
Total Funds	\$2,756,461	\$2,756,461	\$162,926	\$2,919,387	\$2,495,102	\$2,495,102	\$275,473	\$2,770,575

## Program Description

The Centralized Services Division provides support services for the department in the areas of financial reporting, budgeting, accounting, grants and contracts management, statistical services, record keeping, laboratory services, and other support activities as required to promote and protect the health and safety of Montana citizens. The Centralized Services Division consists of four bureaus: Support Services, Vital Records and Statistics, Chemistry Laboratory, and the Public Health Laboratory.

## Special Session Action

General fund was replaced with state special revenue in three programs: Vital Statistics, the Chemistry Laboratory, and the Public Health Laboratory. For a more detailed discussion, see the Special Session Action table and narrative within the "Agency" discussion.

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## CENTRALIZED SERVICES DIVISION

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### Language

"[The Centralized Services Division includes] ... a biennial appropriation that may be used only if the demand for reimbursable services requires expenditures for supplies, materials, and communications in excess of the appropriated levels of \$184,820 in fiscal 1992 and \$184,597 in fiscal 1993."

"[The Chemistry and Microbiology Laboratories] ... include a total of \$25,000 of general fund each year that must be used to perform tests as needed on behalf of the Food and Consumer Safety and Occupational Health Bureaus within the department. If these funds are not needed for testing in the Food and Consumer Safety and Occupational Health Bureaus, they may be expended for other services within the laboratories."

"It is the intent of the legislature that the department determine the feasibility of funding the public health and chemistry laboratories through proprietary and special revenue accounts with little or no use of general fund money, except as specified to support testing for the Food and Consumer Safety and Occupational Health Bureaus. If the department determines that such accounting is feasible and saves general fund money, then on or after July 1, 1991, the department may request that the approving authority authorize a proprietary account and reduce the general fund appropriation by a like amount. If this occurs, the general fund appropriation must remain at \$25,000 to provide necessary testing for the Food and Consumer Safety and Occupational Health Bureaus."

### Budget as Approved by the Regular 1991 Legislative Session

The Centralized Services Division's budget increases primarily due to four budget modifications, budgeting all Department of Administration data network charges in this division, and authority to provide additional testing in the laboratories.

FTE increase by 5.0 over the fiscal 1990 level due to the addition of four budget modifications discussed below. Personal services increase due to the additional FTE, vacancy savings experienced in fiscal 1990, and continuation of the fiscal 1991 pay plan increase in the 1993 biennium. The increase is partially offset by application of a 4 percent personal services reduction.

Operating expenses rise because: 1) \$31,593 of a biennial appropriation of \$44,274 for audit costs was expended in fiscal 1990, while audit costs are \$53,666 in fiscal 1992; 2) all Department of Administration data network fees for the department totaling \$137,298 in fiscal 1992 and \$137,299 in fiscal 1993 are added to the Support Services Bureau, funded with indirect charges; 3) maintenance contracts on equipment purchased in fiscal 1990 in the Chemistry Laboratory add \$20,682 each year; 4) a biennial appropriation of \$100,000 as a contingency should laboratory testing demand be greater than anticipated was added in fiscal 1992, (funded with laboratory fee income); 5) indirects increase by \$39,643 in fiscal 1992 and \$16,992 in fiscal 1993 over the fiscal 1990 level; and 6) the budget modifications discussed below add \$22,240 in fiscal 1992 and \$22,242 in fiscal 1993. These increases are partially offset by: 1) a reduction in Department of Administration insurance costs of \$24,309 in fiscal 1992 and \$22,689 in fiscal 1993 from the fiscal 1990 level; and 2) a reduction in printing costs of \$8,000 in fiscal 1993 in the Records and Statistics Bureau due to cyclical printing requirements. The remainder of the increase is due primarily to inflation.

## CENTRALIZED SERVICES DIVISION

Equipment consists of: 1) \$1,927 for miscellaneous equipment in the Support Services Bureau each year; 2) \$32,000 for a high pressure liquid chromatograph in the Chemistry Laboratory in fiscal 1992; and 3) \$47,237 for PKU testing equipment in the Public Health Laboratory in fiscal 1992.

### Funding

The following table shows each of the components of the Centralized Services Division and its related funding. The table reflects action taken in the January, 1992 special session.

Table 6  
Centralized Services Division Funding  
Fiscal 1990, 1993 Biennium

	---Fiscal 1990---		---Fiscal 1992---		---Fiscal 1993---	
	FTE	Expenditures	FTE	Appropriation	FTE	Appropriation
Division Administration	3.00		3.00		3.00	
Indirect Assessments		\$171,018		\$155,287		\$157,368
Support Services	17.50		19.50		19.50	
Film Library Fees		17,627		15,396		15,186
Indirect Assessments		534,876		730,567		676,295
Records and Statistics	16.00		16.00		16.00	
General Fund		256,722		242,879		208,695
Vital Statistics (State Special)		99,638		147,481		165,221
Federal Contracts		94,900		101,800		100,863
Chemistry Laboratory	7.00		8.00		8.00	
General Fund		88,277		91,047		89,911
Laboratory Income		451,478		326,771		292,423
Public Health Laboratory	17.00		19.00		19.00	
General Fund		253,319		182,224		178,344
Laboratory Income		363,274		651,555		499,864
Preventive Health Block Grant		66,743		65,415		65,207
Maternal/Child Hlth Block Grant				46,039		45,725
Total	60.50	\$2,397,872	65.50	\$2,756,461	65.50	\$2,495,102

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## CENTRALIZED SERVICES DIVISION

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State special revenue consists of vital statistics and laboratory income and increases 16.1 percent primarily due to increased laboratory testing. Vital statistics income is derived from the sale of birth and death certificates and represents the anticipated income. Federal funds consist of film library fees, federal contracts, and block grant funds. Film library fees are from the Emergency Medical Services Bureau within the department and from the Department of Institutions and are used to support the film library. Federal contracts are with the National Center for Health Statistics and the National Death Index for the provision of state health statistics. Within the Public Health laboratory, maternal and child health block grant replaces an equal amount of general fund, which was added to the Montana Initiative for the Abatement of Mortality in Infants (MIAMI) program. For a further discussion, see the Family/Maternal Child Health Bureau. Preventive health block grant funds are added for those laboratory services provided for the indigent population.



## ENVIRONMENTAL SCIENCES

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	55.53	55.53		55.53	56.53	56.53		56.53
Personal Services	2,045,947	2,031,035		2,121,910	1,543,779	1,528,724	141,241	1,669,965
Operating Expenses	6,182,425	6,182,425	90,875	6,182,425	1,915,772	1,915,772	0	1,915,772
Equipment	220,207	220,207	0	220,207	46,177	46,177	0	46,177
Grants	651,381	651,381	0	651,381	652,150	652,150	0	652,150
Total Costs	\$9,099,960	\$9,085,048	\$90,875	\$9,175,923	\$4,157,878	\$4,142,823	\$141,241	\$4,284,064
<u>Fund Sources</u>								
General Fund	899,129	822,917	24,887	847,804	891,306	814,875	38,194	853,069
State Revenue Fund	7,019,850	7,081,150	22,123	7,103,273	2,102,319	2,163,695	35,857	2,199,552
Federal Revenue Fund	1,035,422	1,035,422	33,049	1,068,471	1,021,350	1,021,350	52,871	1,074,221
Proprietary Fund	145,559	145,559	10,816	156,375	142,903	142,903	14,319	157,222
Total Funds	\$9,099,960	\$9,085,048	\$90,875	\$9,175,923	\$4,157,878	\$4,142,823	\$141,241	\$4,284,064

### Division Description

The Environmental Sciences Division includes the environmental programs in Division Administration, the Air Quality Bureau, the Food and Consumer Safety Bureau, and the Occupational Health Bureau. The Environmental Sciences Division Administration oversees various programs in the Environmental Sciences Division, the Solid and Hazardous Waste Bureau, and the Water Quality Bureau. The Air Quality Bureau is responsible for maintaining outdoor air quality levels considered safe to the public health and welfare through permit review, inspections, monitoring, and information dissemination. The Occupational Health Bureau is responsible for administering the Radiological Health Program, with primary emphasis on inspection of x-ray machines; the regulation of asbestos consultants, contractors, and workers; and provision of measurement and technical expertise to ensure safety in homes and work places. The Food and Consumer Safety Bureau is responsible for ensuring healthful conditions exist and are maintained in food serving and processing establishments, hotels, motels, and trailer parks and for providing training and support services to local health agencies and sanitarians.

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## ENVIRONMENTAL SCIENCES

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### Special Session Action

General fund was reduced and replaced with state special revenue in the Air Quality and Occupational Health Bureaus. A general program reduction was made in the Food and Consumer Safety Bureau. For a more detailed discussion, see the Special Session Action table and narrative within the "Agency" discussion.

### Language

"The department is authorized to receive an interentity loan from the general fund for no more than \$4,928,894 for the purpose of conducting the Clark Fork natural resources damage assessment and litigation against the Atlantic Richfield Company [ARCO]. Repayment of this loan is extended through the end of the 1993 biennium in accordance with 17-2-107, MCA. The repayment shall include interest on the amount loaned at a rate commensurate with rates earned in the short-term investment pool."

"The Natural Resource Damage Litigation Program Policy Committee is formed to ensure cooperation and unity among the State of Montana's natural resource agencies in carrying out their responsibilities as representatives of the Governor, who is the trustee of the state's natural resources. The policy committee shall guide and make Natural Resource Damage Litigation program policy recommendations. The appropriation of \$4,928,894 to continue the natural resources lawsuit against ARCO will be overseen by the policy committee, which consists of the following individuals or their designated representatives: the Governor's Energy and Environmental Policy Advisor, the directors of the Departments of Health and Environmental Sciences; Fish, Wildlife, and Parks; and the commissioner of the Department of State Lands. The Attorney General or his designated representative may act in an advisory capacity to the Natural Resource Damage Litigation Program Policy Committee."

### Budget as Approved by the Regular 1991 Legislative Session

FTE increase by 21.0 in fiscal 1992 and an additional 1.0 in fiscal 1993 due to the budget modifications discussed below and the transfer of 0.5 FTE legal staff to the Legal Unit. Personal services increase due to the additional staff, which adds \$859,666 in fiscal 1992 and \$358,550 in fiscal 1993; vacancy savings experienced in fiscal 1990; pay plan exceptions awarded to environmental engineers and specialists, which add \$90,981 in fiscal 1992 and \$90,934 in fiscal 1993; and continuation of the fiscal 1991 pay plan in the 1993 biennium. The increase is partially offset by application of a 4 percent personal services reduction.

Operating expenses increase 1137.5 percent from fiscal 1990 to fiscal 1992 and 283.5 percent from fiscal 1990 to fiscal 1993 primarily for the following reasons: 1) \$1,000,000 of authority was added each year to allow the department to expend funds from the Environmental Quality Protection Fund (EQPF) if an environmental emergency occurs; 2) a biennial appropriation of \$4,145,154 was added for operating expenses associated with the ARCO lawsuit discussed in Budget Modification #5; 3) other budget modifications discussed below add \$229,699 in fiscal 1992 and \$228,310 in fiscal 1993; 4) indirect assessments increase by \$249,096 in fiscal 1992 and \$127,942 in fiscal 1993 due to the additional FTE, the pay plan exceptions, and because division administration is funded with indirect assessments in the 1993 biennium; 5) \$48,950 in spending authority was added each year for variance reviews and environmental impact

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## ENVIRONMENTAL SCIENCES

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statements (the division expended \$1,050 in fiscal 1990, while the 1993 biennium budget includes \$50,000 per year); and 6) \$12,383 was added to the Air Quality Bureau to contract for on-going services.

Equipment consists of air monitoring equipment in the Air Quality Bureau totaling \$46,177 each year, and \$174,030 for the biennium for a computerized information system and miscellaneous office equipment for the ARCO lawsuit.

Non-operating expenses consist of grants in the Air Quality and Food and Consumer Safety Bureaus. Air quality grants, which are made to counties with qualified personnel to monitor local air quality, total \$190,331 in fiscal 1992 and \$191,100 in fiscal 1993. This represents an increase of over \$87,000 each year over the fiscal 1990 level due to the provision of additional support in western Montana. Food and consumer safety grants are made to local entities to defray their inspection costs and total \$461,050 each year, or an increase of \$264,975 over the fiscal 1990 level. Food purveyors, and campground, hotel/motel, and swimming pool operators pay a fee ranging from \$40 to \$75 per year, of which 85 percent is deposited to the local board inspection account to grant to local entities. The remainder is deposited to the general fund and to a state special revenue account to defray department operating expenses. Fees were increased in the 1993 biennium due to additional duties, causing the increase in grants.

### Funding

The following table shows the various components of the Environmental Sciences Division and related funding. The table reflects action taken in the January, 1992 special session.

## ENVIRONMENTAL SCIENCES

Table 7  
Environmental Sciences Division Funding  
Fiscal 1990, 1993 Biennium

	FTE	Fiscal 1990 Expenditures	FTE	Fiscal 1992 Appropriation	FTE	Fiscal 1993 Appropriation
Division Admin	3.00		3.00		3.00	
General Fund		\$73,126				\$142,903
RIT Funding		62,017				
Indirect Charges						
Air Quality	18.53		30.53	\$145,559	30.53	295,318
General Fund		318,236				432,275
Air Quality Fees						45,200
State Lands		41,333				
Smoke Management (State Special)		18,496				
Federal 106 Grant		618,651		930,215		918,325
Occupational Health	3.50		3.50	179,783	3.50	177,387
General Fund		162,439		7,775		7,851
Asbestos Fees						
EIS Variance						
Variance Review		1,050		50,000		50,000
Food and Consumer Safety	8.00		8.00		8.00	
General Fund		312,733		347,730		342,170
Local Board Inspection (State Special)		196,075		500,704		500,672
Asbestos Program	1.50		2.50		2.50	
RIT		61,512				
Asbestos Fees				150,659		149,182
Natural Resource Damage Suit*			8.00		9.00	
AROO Reimbursements				4,908,049		
Specialist Pay Exceptions						23,715
State Special Revenue				24,129		57,825
Federal Special Revenue				58,798		
Environmental Quality Protection						\$1,000,000
Environmental Quality Protection Fund				\$1,000,000		
Total	34.53	\$1,865,668	55.53	\$9,085,048	56.53	\$4,142,823

\*Biennial Appropriation

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## ENVIRONMENTAL SCIENCES

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In the 1993 biennium, division administration will be funded with indirect charges collected through an assessment of 3 percent of personal services costs prior to the 4 percent personal services reduction in all programs of the division, including the Solid and Hazardous Waste and Water Quality Bureaus. Contingent upon a change in statute allowing collection, a portion of the costs of the Air Quality Bureau will be funded through permit fees assessed against pollution sources. The Department of State Lands supports 1.0 FTE involved in monitoring air quality near mining sites. Variance review fees are reimbursements for the cost of performing variance reviews and environmental impact statements. In the Food and Consumer Safety Bureau, local board inspection fees are passed through to local entities to defray their inspection costs. The Asbestos Control program was supported with RIT funds in the 1991 biennium. Any income collected through civil penalties and project permits was deposited to the RIT account. The program will be directly funded with project permit fees and civil penalties income in the 1993 biennium. The EQPF receives penalties and recovered natural resource damages and remedial action costs.

## SOLID/HAZARDOUS WASTE

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	78.59	78.59		78.59	79.09	79.09		79.09
Personal Services	2,413,581	2,413,581		2,540,357	2,424,806	2,424,806	207,105	2,631,911
Operating Expenses	7,638,488	7,638,488	126,776	7,638,488	7,605,989	7,605,989	0	7,605,989
Equipment	100,116	100,116	0	100,116	98,824	98,824	0	98,824
Grants	1,069,004	1,069,004	0	1,069,004	1,069,004	1,069,004	0	1,069,004
Total Costs	\$11,221,189	\$11,221,189	\$126,776	\$11,347,965	\$11,198,623	\$11,198,623	\$207,105	\$11,405,728
<u>Fund Sources</u>								
General Fund	198,874	182,441	6,546	188,987	196,718	180,285	10,631	190,916
State Revenue Fund	3,270,302	3,286,735	79,207	3,365,942	3,275,522	3,291,955	129,892	3,421,847
Federal Revenue Fund	7,752,013	7,752,013	41,023	7,793,036	7,726,383	7,726,383	66,582	7,792,965
Total Funds	\$11,221,189	\$11,221,189	\$126,776	\$11,347,965	\$11,198,623	\$11,198,623	\$207,105	\$11,405,728

### Program Description

The Solid and Hazardous Waste Bureau administers six environmental health laws designed to protect public health and the environment: 1) the Solid Waste Management Act, which provides for licensing, technical assistance, inspection, and enforcement for municipal, county, and private solid waste management systems throughout the state; 2) the Motor Vehicle Recycling and Disposal Act, which is a regulatory program that controls the disposal of junk motor vehicles and shielding of disposal sites; 3) the Montana Hazardous Waste Act, which is a regulatory program that controls generation, transport, treatment, storage, and disposal of hazardous wastes; 4) the Underground Storage Tank Act, which is modeled after federal law and provides for prevention of leaks in underground storage tanks; 5) the Superfund Act, which allows the department to investigate potentially hazardous disposal sites to determine if past disposal practices are resulting in threats to public health or the environment; and 6) the Comprehensive Environmental Clean-up and Responsibility Act (also known as the State Superfund Act) which allows the department to investigate and clean up all hazardous waste sites in Montana that are not on the federal Superfund National Priority List.

### Legislative Intent

The appropriation for the Solid and Hazardous Waste Bureau includes 1.5 FTE and related expenses totaling \$70,354 in fiscal 1992 and \$69,552 in fiscal 1993 for review of out-of-state refuse dumping in Montana. The program was funded by the 1989 legislature to review out-of-state refuse dumping in Montana, but no expenditures were made due to the state's moratorium on importation. The legislature expressed its intent that this appropriation be used only if the moratorium is lifted or successfully challenged in court.

## SOLID/HAZARDOUS WASTE

### Budget as Approved by the Regular 1991 Legislative Session

FTE increase by 26.59 in fiscal 1992 and by an additional 0.5 in fiscal 1993 as a net result of: 1) transfer of a total of 0.5 FTE legal staff from the Junk Vehicle, Solid Waste, and Hazardous Waste Programs to the Legal Unit; 2) addition of 4.0 FTE in the Superfund Program and 2.75 FTE in the State Superfund Program originally added via operational plan change in the 1991 biennium; 3) continuation of 1.0 FTE added in fiscal 1991 in the Leaking Underground Storage Tank (LUST) Program by the 1989 legislature; and 4) addition of 19.34 FTE in fiscal 1992 and an additional 0.5 FTE in fiscal 1993 in the budget modifications discussed below.

Personal services increase over the fiscal 1990 level due to: 1) the additional staff, which adds \$709,404 in fiscal 1992 and \$721,096 in fiscal 1993; 2) vacancy savings experienced in fiscal 1990; 3) pay plan exceptions awarded to environmental specialists and engineers, which add approximately \$215,500 each year; and 4) continuation of the fiscal 1991 pay plan in the 1993 biennium. The increase is partially offset by implementation of a 4 percent personal services reduction.

Operating expenses increase for seven major reasons: 1) the Superfund program was increased \$4,574,678 each year to allow the department to respond if they are required to incur additional remedial or investigative costs; 2) indirect assessments are \$305,440 in fiscal 1992 and \$258,022 in fiscal 1993 over the actual fiscal 1990 level due to the additional staff, the pay plan exceptions, imposition of the additional rate to fund division administration, and vacancy savings experienced in fiscal 1990; 3) the Landfill Review Program includes \$29,452 in fiscal 1992 and \$29,461 in fiscal 1993 pending lifting of the state's moratorium on waste importation or its successful challenge in court (the program was funded by the 1989 legislature to review out-of-state refuse dumping in Montana, but no expenditures were made in the 1991 biennium due to the state's moratorium); 4) the LUST Program was increased \$275,000 each year for additional remedial action if needed; 5) the Hazardous Waste program was increased \$58,430 each year for additional contract services and travel; 6) \$40,000 was added to the State Superfund program to allow expenditure of all earmarked RIT interest (4 percent of the total collected) for remedial action as necessary; and 7) a \$30,000 per year contingency was added to the Junk Vehicle program should the price of steel fall, requiring the department to pay for disposal of vehicles.

Equipment is for miscellaneous office and field equipment in the Underground Storage Tank (UST), Hazardous Waste, Superfund, LUST, Landfill Review, and Superfund Core programs.

Grants are made in three areas: 1) junk vehicle grants totalling \$800,000 each year (compared to an actual fiscal 1990 expenditure of \$783,099) are made to counties to reimburse them for the cost of county vehicle graveyard upkeep; 2) UST grants totalling \$262,604 each year are made to local entities to defray their costs of UST activities; and 3) tank installer grants totaling \$6,400 each year are made to reimburse local officials for tank inspections. Grants increase 36.5 percent primarily because no UST grants were awarded in fiscal 1990 pending a legal review.

### Funding

Each of the components of the Solid and Hazardous Waste Bureau and its related FTE and funding are shown in the following table. The table reflects reductions in general fund within the Solid Waste Program made in the January, 1992 special session of the legislature. For a more detailed discussion, see the Special Session Action table and narrative within the agency discussion.

## SOLID/HAZARDOUS WASTE

Table 8  
Solid and Hazardous Waste Bureau Funding  
Fiscal 1990, 1993 Biennium

Program	FTE	Fiscal 1990 Expenditures	FTE	Fiscal 1992 Appropriation	FTE	Fiscal 1993 Appropriation	Match/Maintenance of Effort
Junk Vehicle	4.60	\$ 913,436	4.43	\$1,013,892	4.43	\$1,011,179	None
Superfund	8.50	1,240,715	12.50	6,001,445	12.50	5,993,501	*
Federal Superfund	10.82	106,911	14.66	182,511	14.66	179,990	25%/75%
Hazardous Waste		320,749		553,141		545,566	
RIT							
Federal HW	11.25	185,095	11.25	556,372	11.25	554,111	
UST Leak Prevention		42,614		56,643		55,737	
RIT		127,839		171,491		168,770	
Federal EPA	3.58	147,209	13.75	168,716	14.25	166,794	25%/75%
Solid Waste/Landfill				546,874		546,318	
General Fund							
Fees (State Special)	1.50	187,755	4.25	292,969	4.25	313,128	
State Superfund	4.50	470,998	5.50	78,805	5.50	78,463	10%/90%**
RIT				711,768		708,680	
LUST							
RIT							
LUST Trust	1.50	297,664	1.50	70,354	1.50	69,552	
Landfill Rev.			5.00		5.00		
Fees (State Special)							
ARO/EN							
RIT							
State Special	5.50	9,755	5.50	312,348	5.50	308,898	
Superfund Core		185,355		23,525		23,231	
RIT				214,195		211,549	10%/90%***
Federal Superfund	0.25	7,147	0.25	26,952	0.25	26,765	
Tank Installers							
Permits State Special							
Specialist Pay Exceptions							
General Fund							
State Special							
Federal Special							
Adjustment		353					
Total	52.0	\$4,243,595	78.59	\$11,221,189	79.09	\$11,198,623	

\* Depends upon the stage of work. State match is added as required.

\*\* Required no match in the 1991 biennium.

\*\*\* Required 5% match in 1991 biennium.



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## SOLID/HAZARDOUS WASTE

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Junk vehicle funds are derived from junk vehicle fees, the sale of junk vehicles, and wrecking facility licenses. Leak prevention income is derived from tank licenses and permits, notification fees, and recovered damages and costs. The Solid/Waste Landfill fees will be imposed upon landfill operators, while landfill review fees will be imposed on importers. Tank installer income is generated through installer licenses and permits. LUST Trust funds are generated through a national tax on gasoline.

## WATER QUALITY

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	63.25	63.25		63.25	63.75	63.75		63.75
Personal Services	2,057,218	2,047,325	126,389	2,173,714	2,071,998	2,061,636	205,838	2,267,474
Operating Expenses	3,195,608	3,195,608	0	3,195,608	3,140,379	3,140,379	0	3,140,379
Equipment	48,439	48,439	0	48,439	45,946	45,946	0	45,946
Grants	295,970	295,970	0	295,970	295,970	295,970	0	295,970
Total Costs	\$5,597,235	\$5,587,342	\$126,389	\$5,713,731	\$5,554,293	\$5,543,931	\$205,838	\$5,749,769
Fund Sources								
General Fund	221,595	211,702	8,293	219,995	215,222	204,860	13,508	218,368
State Revenue Fund	1,335,370	1,335,370	36,245	1,371,615	1,326,637	1,326,637	59,875	1,386,512
Federal Revenue Fund	4,040,270	4,040,270	81,851	4,122,121	4,012,434	4,012,434	132,455	4,144,889
Total Funds	\$5,597,235	\$5,587,342	\$126,389	\$5,713,731	\$5,554,293	\$5,543,931	\$205,838	\$5,749,769

### Program Description

The Water Quality Bureau is responsible for the protection of public health and the environmental quality of Montana's water resources. The program administers the Montana Water Quality Act, Montana's laws regarding public water supply, the Sanitation in Subdivision Act, the Water/Wastewater Operator Certification law, and numerous rules promulgated to implement these laws. The bureau has seven activity units responsible for proper implementation of these statutes and rules: 1) Safe Drinking Water, which provides technical assistance and regulatory surveillance to ensure that water provided to the public meets minimum public health and engineering standards; 2) Water Quality Management, which monitors surface water to determine changes in quality or impacts from suspected pollution sources; 3) Nonpoint Source Pollution, which identifies streams and lakes whose quality is adversely impacted by nonpoint sources of pollution; 4) Water Pollution Control, which investigates alleged violations of Montana water quality laws and undertakes enforcement if appropriate; 5) Water Discharge Permits, which controls the quality of wastes discharged into state waters; 6) Groundwater, which investigates groundwater contamination problems and develops cleanup plans to protect groundwater resources; and 7) Municipal Wastewater Assistance, which provides technical and financial assistance to municipalities for design, construction, and operation of wastewater treatment systems.

### Budget as Approved by the Regular 1991 Legislative Session

FTE increase by 18.0 in fiscal 1992 and an additional 0.50 FTE in fiscal 1993 as a net result of two actions: 1) 0.50 FTE added to provide wastewater operator training in conjunction with Northern Montana College was changed to contracted services; and 2) budget modifications detailed below add 18.5 FTE in fiscal 1992 and an additional 0.50 FTE in fiscal 1993.

## WATER QUALITY

Personal services increase due to: 1) the additional staff, which adds \$515,464 in fiscal 1992 and \$528,671 in fiscal 1993; 2) pay exceptions awarded to environmental engineers and specialists, which add approximately \$180,000 each year; 3) vacancy savings realized in fiscal 1990; and 4) continuation of the fiscal 1991 pay plan in the 1993 biennium. The increases are partially offset by a 4 percent personal services reduction.

Operating expenses increase primarily because: 1) indirects are \$240,809 in fiscal 1992 and \$200,251 in fiscal 1993 over the fiscal 1990 level due to the additional FTE, the pay exceptions, and the assessment of an additional rate to fund division administration; 2) the budget modifications listed below add \$2,012,870 in fiscal 1992 and \$1,996,120 in fiscal 1993; and 3) the Public Water Supply program was increased by \$127,589 each year for additional contract services. Partially offsetting these increases is the elimination of \$80,000 passed through to non-profit organizations for water use plans in the Water Quality Management program due to the loss of federal funding for that purpose.

Equipment includes miscellaneous field and office equipment in the Water Quality Management, Water Permits, Construction Grants, Public Water Supply, Groundwater Pollution Control, and Nonpoint Source Pollution programs.

Grants are shown in Table 9. Subdivisions grants are made to counties for review of subdivisions less than five acres in size. Construction grants are made to communities in advance of receipt of federal grants. In this program and in subdivisions, the appropriation was increased to ensure that sufficient authority existed to make the grants as necessary. Public water supply grants are made to local entities to collect samples and perform sanitary surveys and are increased to meet additional federal requirements.

Table 9

### Water Quality Bureau Grants Fiscal 1990, 1993 Biennium

	<u>Fiscal 1990</u>	<u>Fiscal 1992</u>	<u>Fiscal 1993</u>
Subdivisions	\$28,154	\$45,000	\$ 45,000
Construction Grants	22,768	150,000	150,000
Public Water Supply	<u>29,430</u>	<u>100,970</u>	<u>100,970</u>
Total	\$80,352	\$295,970	\$295,970

### Funding

Funding and FTE levels of each component of the Water Quality Bureau are detailed in the following table. The table includes reductions in the appropriations for specialist pay exceptions and the Subdivisions Program made in the January, 1992 special session, which are addressed in more detail within the "Agency" discussion.

## WATER QUALITY

Table 10  
Water Quality Bureau Funding  
Fiscal 1990, 1993 Biennium

Program	Fiscal 1990		Fiscal 1992		Fiscal 1993		Match/Maintenance of Effort
	FTE	Expenditures	FTE	Appropriation	FTE	Appropriation	
Water Quality Mgmt	4.85		5.35		5.35		
RIT		\$73,670		\$124,459		\$121,832	
State Lands		15,269		20,263		19,963	
Federal 205(j)		194,514		99,383		99,350	None
Water Pollution Control							
RIT	8.30		8.30		8.30		
Federal 106		83,182		83,267		83,242	
Water Permits		306,793		346,682		341,265	1980 Maintenance of Effort
Federal 106	3.50		3.50		3.50		
Const. Grants		175,516		192,220		189,570	Part of 106 Requirement
Federal 205(g)	8.30		8.30		8.30		
Groundwater		321,412		529,974		523,864	Part of 106 Requirement
RIT	2.00		7.50		7.50		
Federal 106		101,243		101,494		99,903	
Wastewater				274,313		271,137	Part of 106 Requirement
Operator Fees	1.00		1.25		1.25		
Subdivisions		38,792		54,746		52,481	
General Fund	3.30		4.30		4.30		
Public Water Supply		126,655		204,666		198,424	
RIT	9.50		18.75		19.25		
Permit Fees		118,970		183,140		181,552	
Federal SDW				625,017		622,756	
Revolving Fund		431,412		857,601		851,373	25%/75%
Federal	1.00		1.00		1.00		17%/83%*
Training Fac	.50			98,034		97,411	
Federal 109(b)		19,838		20,882		20,932	None
Clark Fork	1.00		1.00		1.00		
RIT		102,315		105,264		104,848	
Nonpoint Source	2.00		4.00		4.00		
Federal 319(h)		56,666		1,525,703		1,523,600	None
Ag Monitoring				15,000		15,000	
Permit Fees							
Specialist Pay Exceptions							
General Fund				7,036		6,436	
State Revenue				42,983		45,023	
Federal Revenue				75,215		73,969	
Golden Maple Mining							
Federal		5,405					
Gov. Clark Fork							
RIT		40,604					
Lake Pend Oreille							
Federal		69,166					
Special Project							
Federal 205(j)		39,220					
TOTAL	45.25	\$2,320,642	63.25	\$5,587,342	63.75	\$5,543,931	

\*Will be met through other projects.

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## WATER QUALITY

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The Wastewater Operators program is funded through license fees paid by wastewater operators. The Subdivisions program is funded with general fund, with any income derived from fees assessed for subdivision review deposited to the general fund. In fiscal 1990, \$75,790 was deposited. Public water supply fees will be assessed against public water supply systems.

## HEALTH SERVICES/MEDICAL FACILITIES

<u>Budget Item</u>	<u>HB 2 Regular Fiscal 1992</u>	<u>HB 2 Special Fiscal 1992</u>	<u>Pay Plan Fiscal 1992</u>	<u>Revised Total Fiscal 1992</u>	<u>HB 2 Regular Fiscal 1993</u>	<u>HB 2 Special Fiscal 1993</u>	<u>Pay Plan Fiscal 1993</u>	<u>Revised Total Fiscal 1993</u>
FTE	13.52	13.52		13.52	13.52	13.52		13.52
Personal Services	418,876	417,425	24,899	442,324	418,699	418,699	40,247	458,946
Operating Expenses	345,886	345,886	0	345,886	339,032	339,032	0	339,032
Equipment	4,240	4,240	0	4,240	4,240	4,240	0	4,240
Total Costs	\$769,002	\$767,551	\$24,899	\$792,450	\$761,971	\$761,971	\$40,247	\$802,218
<u>Fund Sources</u>								
General Fund	492,571	491,120	19,568	510,688	485,406	485,406	31,625	517,031
State Revenue Fund	45,753	45,753	0	45,753	45,455	45,455	0	45,455
Federal Revenue Fund	230,678	230,678	5,331	236,009	231,110	231,110	8,622	239,732
Total Funds	\$769,002	\$767,551	\$24,899	\$792,450	\$761,971	\$761,971	\$40,247	\$802,218

### Division Description

The Health Services/Medical Facilities Division is responsible for improving and preserving the health and lives of Montana residents. This program consists of three functional units: 1) Division Administration, which is responsible for overall division operations, management of division resources, and assistance with formulation and development of department policy; 2) the Emergency Medical Services Bureau, which is responsible for planning and implementation of a statewide emergency medical services system and managing the Montana Poison Control System; and 3) the Health Planning Bureau, which produces the state health plans and planning research, administers the Certificate of Need Program, and collects, maintains, and distributes health facility data.

### Budget as Approved by the Regular 1991 Legislative Session

FTE are reduced by 2.0 due to reductions in the Health Planning Bureau from 4.75 FTE to 2.75 FTE each year. Personal services decrease due to this reduction, and the implementation of a 4 percent personal services reduction, which are partially offset by vacancy savings achieved in fiscal 1990 and continuation of the fiscal 1991 pay plan in the 1993 biennium.

Operating expenses rise due to the net effect of: 1) reduction of the Health Planning Bureau of \$5,213 in fiscal 1992 and \$5,238 in fiscal 1993; and 2) an increase of \$24,266 each year in the Emergency Medical Services Bureau for increased travel, emergency medical

## HEALTH SERVICES/MEDICAL FACILITIES

technician (EMT) training, and miscellaneous costs. Indirect assessments are \$5,602 less in fiscal 1993 than in fiscal 1990 due to the reduction in FTE.

Equipment consists of miscellaneous field equipment in the Emergency Medical Services Bureau.

### Funding

Table 11 shows the three components of this program and their related funding and FTE. The table includes the reduction made in the Health Planning Bureau in fiscal 1992 in the January, 1992 special session, which is discussed in more detail within the "Agency" discussion.

Table 11  
Health Services Division Funding  
Fiscal 1990, 1993 Biennium

	--- Fiscal 1990 --- FTE Expenditures	--- Fiscal 1992 --- FTE Appropriation	--- Fiscal 1993 --- FTE Appropriation
Division Administration	2.50	2.50	2.50
General Fund	\$76,100	\$67,329	\$65,323
MCH Block*	28,340	30,078	30,038
Preventive Health	12,633	13,469	13,439
Emergency Medical Services	8.27	8.27	8.27
General Fund	300,347	317,496	313,822
Certification Fees	39,079	45,753	45,455
Preventive Health Block	166,799	187,131	187,633
Health Planning	4.75	2.75	2.75
General Fund	<u>165,172</u>	<u>106,295</u>	<u>106,261</u>
Total	15.52	13.52	13.52
	\$788,470	\$767,551	\$761,971

\*Total grant must be matched on a ratio of 3/7 state funds to 4/7 grant funds.

EMT certification state special revenue, which is derived from certification fees and the sale of supplies and materials, supports a portion of EMT functions such as training, examination, and certification.

## FAMILY/MATERNAL AND CHILD HEALTH BUREAU

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	26.50	26.50		26.50	26.50	26.50		26.50
Personal Services	722,196	722,196	52,155	774,351	721,320	721,320	83,731	805,051
Operating Expenses	1,558,474	1,558,474	0	1,558,474	1,540,103	1,540,103	0	1,540,103
Equipment	204,010	204,010	0	204,010	0	0	0	0
Grants	8,482,918	8,478,918	0	8,478,918	9,490,918	9,486,918	0	9,486,918
Benefits and Claims	7,144,657	7,144,657	0	7,144,657	7,142,026	7,142,026	0	7,142,026
Total Costs	\$18,112,255	\$18,108,255	\$52,155	\$18,160,410	\$18,894,367	\$18,890,367	\$83,731	\$18,974,098
<u>Fund Sources</u>								
General Fund	273,453	269,453	1,370	270,823	270,880	266,880	2,252	269,132
Federal Revenue Fund	17,838,802	17,838,802	50,785	17,889,587	18,623,487	18,623,487	81,479	18,704,966
Total Funds	\$18,112,255	\$18,108,255	\$52,155	\$18,160,410	\$18,894,367	\$18,890,367	\$83,731	\$18,974,098

### Program Description

The Family/Maternal and Child Health Bureau consists of the following programs: 1) Nutritional Services, which provides nutritional foods, education, and assessment to low income pregnant women, infants, and children through the Women, Infants, and Children (WIC) Program, and nutritional meals to children enrolled in participating child care facilities through the Child Nutrition Program; 2) Family Planning, which provides quality comprehensive family planning services to women ages 15-44 who are at risk of unwanted pregnancy; 3) Handicapped Children, which identifies children, age birth to 18, with special health care needs and provides for medical evaluation, treatment, and management of certain specified handicapping conditions; and 4) Perinatal Services, which includes the Montana Initiative for Abatement of Mortality in Infants (MIAMI) Program and improves pregnancy outcome by offering community and hospital-based services to women prior to conception, throughout their pregnancy, and for their infants during the first year of life. This bureau also administers the Maternal and Child Health Block Grant and newborn metabolic screening.

### Budget as Approved by the Regular 1991 Legislative Session

FTE show no change. However, this is due to the net effect of: 1) transfer of 2.0 FTE from the Preventive Health Care Bureau to consolidate all Perinatal program functions in this bureau; and 2) deletion of 2.0 FTE for Children with Special Health Care Needs and Maternal and Child Health (MCH) Staff Development originally added in budget modifications by the 1989 legislature.



## FAMILY/MATERNAL AND CHILD HEALTH BUREAU

Personal services increase due to the FTE transfer and deletions, which adds a net \$15,071 in fiscal 1992 and \$14,952 in fiscal 1993; vacancy savings realized in fiscal 1990; and continuation of the fiscal 1991 pay plan in the 1993 biennium. Partially offsetting these increases are the downgrade of the bureau chief position from a grade 23 medical doctor to a grade 18 administrator and the implementation of a 4 percent personal services reduction.

Operating expenses increase due to: 1) transfer of all Perinatal Program operating expenses from the Preventive Health Bureau, which adds \$120,000 each year; 2) an increase in the Montana Initiative for the Abatement of Mortality in Infants (MIAMI) program of \$171,468 in fiscal 1992 and \$169,608 in fiscal 1993 (Budget Modification #3); 3) an increase in indirect assessments of \$32,670 in fiscal 1992 and \$17,480 in fiscal 1993; and 4) additional contracts in bureau administration of \$26,500 each year. These increases are partially offset by elimination of the Children with Special Health Care Needs and MCH Staff Development modifications of \$40,943 per year.

Equipment consists of computer equipment to automate local Women, Infants, and Children (WIC) offices.

Non-operating expenses are detailed in the following table. The table reflects a reduction in family planning grants of \$4,000 each year in the January, 1992 special session, which is discussed in more detail in the Special Session Action section of the "Agency" discussion.

Table 12  
Family/MCH Bureau Grants  
Fiscal 1990, 1993 Biennium

	<u>Fiscal 1990</u>	<u>Fiscal 1992</u>	<u>Fiscal 1993</u>
Child Nutrition	\$3,610,683	\$5,700,687	\$6,708,687
Women, Infants and Children*	6,617,005	8,306,119	8,303,488
Family Planning	882,730	927,679	927,679
MCH Block Grants to Counties	<u>671,765</u>	<u>689,090</u>	<u>689,090</u>
Total Grants	\$11,782,183	\$15,623,575	\$16,628,944

\*Includes benefits.

Child nutrition grants are reimbursements from the federal government to qualified daycare providers for the costs of meals served. WIC grants are made to local organizations to administer the program, while benefits are paid to food providers for the cost of WIC foods purchased. Family planning grants are made to local agencies for family planning activities. MCH block grants to counties are made for services to women and children at risk.

# FAMILY/MATERNAL AND CHILD HEALTH BUREAU

## Funding

The following table shows each of the components of the Family/MCH Bureau and its related FTE and funding. The table reflects January, 1992 Special Session action.

Table 13  
Family/MCH Bureau Funding

	<u>FTE</u>	<u>Fiscal 1990</u> <u>Expenditures</u>	<u>FTE</u>	<u>Fiscal 1992</u> <u>Appropriation</u>	<u>FTE</u>	<u>Fiscal 1993</u> <u>Appropriation</u>
Bureau Administration	3.00		3.00		3.00	
MCH Block*		\$184,977		\$221,097		\$219,079
Child Nutrition	3.50		3.50		3.50	
Federal Child Nutrition		3,757,442		5,866,890		6,872,766
Women, Infant, Children	9.00		9.00		9.00	
Federal WIC		7,047,956		8,937,669		8,723,811
Family Planning	4.00		4.00		4.00	
General Fund		48,652		45,776		45,776
MCH Block*		202,016		204,083		204,082
Preventive Health Block		29,000		28,871		28,871
Federal Title X		819,433		871,488		868,926
Handicapped Children	4.00		4.00		4.00	
MCH Block*		835,080		839,828		837,737
Grants to Counties						
MCH Block*		671,765		689,090		689,090
Perinatal	1.00		3.00		3.00	
General Fund		58,052		223,677		221,104
MCH Block*				179,786		179,125
MCH Staff Development	1.50					
Federal Funds		37,938				
Children with Special Needs	.50					
Federal Funds		39,223				
<b>TOTAL</b>	<b>26.50</b>	<b>\$13,731,534</b>	<b>26.50</b>	<b>\$18,108,255</b>	<b>26.50</b>	<b>\$18,890,367</b>

\*Total grant must be matched on a ratio of 3/7 state funds to 4/7 grant funds.

General fund in the Family Planning program supports grants to local family planning organizations.

## PREVENTIVE HEALTH BUREAU

<u>Budget Item</u>	<u>HB 2 Regular Fiscal 1992</u>	<u>HB 2 Special Fiscal 1992</u>	<u>Pay Plan Fiscal 1992</u>	<u>Revised Total Fiscal 1992</u>	<u>HB 2 Regular Fiscal 1993</u>	<u>HB 2 Special Fiscal 1993</u>	<u>Pay Plan Fiscal 1993</u>	<u>Revised Total Fiscal 1993</u>
<b>FTE</b>	21.50	21.50		21.50	21.50	21.50		21.50
<b>Personal Services</b>	592,346	592,346	42,849	635,195	591,797	591,797	68,960	660,757
<b>Operating Expenses</b>	1,070,316	1,051,816	0	1,051,816	1,063,618	938,618	0	938,618
<b>Grants</b>	11,968	11,968	0	11,968	11,968	11,968	0	11,968
<b>Total Costs</b>	\$1,674,630	\$1,656,130	\$42,849	\$1,698,979	\$1,667,383	\$1,542,383	\$68,960	\$1,611,343
<b><u>Fund Sources</u></b>								
<b>General Fund</b>	217,576	199,076	1,971	201,047	216,795	91,795	3,241	95,036
<b>State Revenue Fund</b>	60,020	60,020	0	60,020	65,874	65,874	0	65,874
<b>Federal Revenue Fund</b>	1,397,034	1,397,034	40,878	1,437,912	1,384,714	1,384,714	65,719	1,450,433
<b>Total Funds</b>	\$1,674,630	\$1,656,130	\$42,849	\$1,698,979	\$1,667,383	\$1,542,383	\$68,960	\$1,611,343

### Program Description

The Preventive Health Services Bureau, which detects and monitors a variety of health problems and risk factors in Montana, is comprised of the following programs: 1) Bureau Administration; 2) Chronic Disease Prevention and Health Promotion, which lowers the risk of chronic disease morbidity, mortality, and disability through data collection, education, and training; 3) Communicable Diseases, which provides surveillance and outbreak control of reportable infectious diseases and includes the AIDS and Sexually Transmitted Diseases (STD) programs; 4) Immunization, which prevents the occurrence and transmission of vaccine-preventable diseases such as measles, mumps, and rubella; 5) Sexual Assault Services, which supports rape crisis intervention programs; 6) End Stage Renal Disease, which provides medical payments to persons suffering from chronic end stage kidney disease; and 7) Rabies, which provides consultation and vaccine to persons exposed to rabies.

### Special Session Action

Funding for the End Stage Renal Disease Program was reduced by 14.8 percent in fiscal 1992 and eliminated in fiscal 1993. For a more detailed discussion, see the Special Session Action table and narrative within the "Agency" discussion.

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## PREVENTIVE HEALTH BUREAU

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### Budget as Approved by the Regular 1991 Legislative Session

FTE show no change as a net result of: 1) transfer of 2.0 FTE to the Family/MCH Bureau to consolidate all Perinatal program functions; and 2) the addition of 2.0 FTE in Budget Modifications #1 and #2 discussed below.

Personal services increase due to vacancy savings experienced in fiscal 1990 and continuation of the fiscal 1991 pay plan in the 1993 biennium. These increases are partially offset by the downgrade of the bureau chief from a grade 23 medical doctor to a grade 18 administrator and implementation of a 4 percent personal services reduction.

Operating expenses increase due to the net effect of: 1) an increase in indirect assessments of \$23,813 in fiscal 1992 and \$11,378 in fiscal 1993 due to the additional staff; 2) the addition of \$23,688 each year in the current level AIDS program to reflect the fiscal 1991 appropriated level; 3) the addition of \$216,540 in fiscal 1992 and \$214,774 in fiscal 1993 in the budget modifications discussed below; and 4) the addition of \$25,915 in fiscal 1992 and \$31,769 in fiscal 1993 to ensure that adequate authority is available to purchase rabies vaccine as necessary. These increases are partially offset by the transfer of all Perinatal program expenses of \$120,000 each year to the Family/MCH Bureau.

Grants are made to local organizations to maintain rape crisis hotlines, which are required in order to receive federal preventive health block grant funds.

### Funding

Table 14 details each of the components of the Preventive Health Bureau through January, 1992 Special Session action.

## PREVENTIVE HEALTH BUREAU

Table 14  
Preventive Health Bureau Funding  
Fiscal 1990, 1993 Biennium

	FTE	Fiscal 1990 Expenditures	FTE	Fiscal 1992 Appropriation	FTE	Fiscal 1993 Appropriation
Bureau Administration	4.00	\$69,667	2.00	\$84,084	2.00	\$81,228
Preventive Health Block		218,892		5,187		6,967
Maternal/Child Health Block**	2.50	14,323	3.00	47,635	3.00	47,842
Health Ed/Risk Reduction		42,632		140,821		139,049
Behavioral Risk Reduction		86,842				
Preventive Health Block	8.00	564,453	8.00	667,356	8.00	662,298
Federal Chronic Disease				20,000		20,000
AIDS						
Federal AIDS	1.00	49,317	1.00	52,323	1.00	51,549
Preventive Health Block Grant		48,556		127,970		126,704
Communicable Diseases	1.00	41,289	2.50	40,253	2.50	40,246
General Fund		178,755		188,473		186,884
Sexually Transmitted Diseases	5.00		5.00	103,540	5.00	101,774
Federal STD***						
Immunization						
General Fund		11,968		11,968		11,968
Immunization**		125,000		106,500		0
MCH Block Grant						
Rape Crisis		34,105		60,020		65,874
Preventive Health Block		12,988				
Renal Program						
General Fund						
Rabies						
Rabies Vaccine						
Discretionary Carryover						
Federal Funds						
Total	21.50	\$1,498,787	21.50	\$1,656,130	21.50	\$1,542,383

\* Total grant must be matched on a ratio of 3/7 state funds to 4/7 grant funds.

\*\* General fund is the required maintenance of effort.

\*\*\*Part of the immunization maintenance of effort requirement.

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PREVENTIVE HEALTH BUREAU

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General fund in the Immunization program provides the maintenance of effort required for receipt of both the federal immunization and STD grants. Behavioral risk reduction funds have been merged with federal chronic disease funds in the 1993 biennium.

## LICENSING AND CERTIFICATION

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	47.55	47.55		47.55	47.55	47.55		47.55
Personal Services	1,422,522	1,343,369	87,307	1,430,676	1,420,547	1,361,986	140,327	1,502,313
Operating Expenses	874,518	874,518	0	874,518	803,693	803,693	0	803,693
Equipment	52,849	52,849	0	52,849	43,849	43,849	0	43,849
Total Costs	\$2,349,889	\$2,270,736	\$87,307	\$2,358,043	\$2,268,089	\$2,209,528	\$140,327	\$2,349,855
<u>Fund Sources</u>								
General Fund	508,716	429,563	18,873	448,436	543,890	485,329	30,525	515,854
Federal Revenue Fund	1,841,173	1,841,173	68,434	1,909,607	1,724,199	1,724,199	109,802	1,834,001
Total Funds	\$2,349,889	\$2,270,736	\$87,307	\$2,358,043	\$2,268,089	\$2,209,528	\$140,327	\$2,349,855

### Program Description

The Licensing, Certification, and Construction Bureau issues licenses, grants medicaid certification, recommends medicare certification, approves new and renovation construction projects for all health care providers, and enforces state and federal laws governing health care facilities.

### Language

"None of the appropriation for the Licensing, Certification, and Construction Bureau may be transferred to any other program in the Department of Health and Environmental Sciences."

### Legislative Intent

Funding for the current level expenses of the Licensing, Certification, and Construction Bureau is based upon the assumption that one-third time will be spent on licensure, one-third on medicaid certification, and one-third on recommendation for medicare certification. It is the legislature's intent that this allocation be reexamined in the next budget cycle to determine if it remains both applicable and necessary.

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## LICENSING AND CERTIFICATION

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The department may not reduce its state licensing and medicaid certification effort should the general fund appropriation for these purposes not be sufficient.

### Budget as Approved by the Regular 1991 Legislative Session

FTE increase by 15.0 due to the addition discussed in Budget Modification #1 to meet federal regulations. Personal services increase due to: 1) the additional FTE, which add \$464,000 each year, 2) the funding of pay plan exceptions for facility surveyors approved by the Department of Administration in fiscal 1991, which adds approximately \$121,000 each year; 3) vacancy savings (approximately 19 percent) realized in fiscal 1990; and 4) continuation of the fiscal 1991 pay plan in the 1993 biennium. Partially offsetting these increases is the implementation of a 4 percent personal services reduction.

Operating expenses increase due to: 1) increased travel of \$60,957 per year based upon the assumption that surveyor positions would be fully staffed and the function fully operational; 2) increased indirect assessments of \$143,652 in fiscal 1992 and \$112,810 in fiscal 1993 over the fiscal 1990 level due to the additional FTE; 3) the budget modifications discussed below, which add \$393,264 in fiscal 1992 and \$352,764 in fiscal 1993; and 4) a reduction in supplies of \$22,458 to return the bureau to the fiscal 1990 appropriated level.

Equipment is various computer and office equipment for new and continuing staff.

### Funding

There is a significant general fund increase over the fiscal 1990 levels in this program primarily because: 1) all authorized positions are fully funded (despite significant vacancy savings in fiscal 1990 and continuing ongoing vacancies) since certification is necessary before facilities can receive medicare or medicaid funds and is required under federal rules to be completed in a timely manner; and 2) state funds are budgeted based on federal requirements.

Each of the three functions of the bureau--state licensure, medicaid certification, and recommendation of medicare certification--has a unique funding source. Licensing is completely funded with general fund. Medicaid certification is funded with federal Title 19 funds and a general fund match. Recommendation for medicare certification is completely funded with federal Title 18 funds. The final amount of funding from each source depends upon the time actually spent by staff on each function during the year. Therefore, the "mix" of funding can and does change. In fiscal 1990, general fund comprised 32 percent of total current level expenditures. However, the federal government strongly recommends that states budget as though time spent on each function will be evenly split or risk the loss of federal funds.

The federal Omnibus Budget and Reconciliation Act (OBRA) of 1987 and subsequent additions expanded the federal requirements for facility certification. Additional funds were made available to fund these activities, on a split of one-half medicaid certification and one-half recommendation of medicare certification. All expenses associated with additions by both the 1989 and 1991 legislatures in response to these expanded requirements are funded on the assumption of one-half medicaid certification and one-half medicare recommendation of certification. The 1991 legislature funded all expenses not associated with expanded federal OBRA-related regulations



## LICENSING AND CERTIFICATION

and requirements on the assumption of one-third state licensure, one-third medicaid certification, and one-third recommendation of medicare certification, specifying that if staff spends more time in federally supported activities, the excess general fund would revert. The legislature also specified that no funds may be transferred from this bureau to any other program within the department. As a result of actual workload distribution through the first six months of fiscal 1992, the legislature in special session in January, 1992 reduced general fund by \$79,153 in fiscal 1992 and \$58,561 in fiscal 1993. Table 15 details the bureau's funding.

TABLE 15  
Licensing and Certification Funding  
Fiscal 1990, 1993 Biennium

	<u>Fiscal 1990</u>	<u>Fiscal 1992</u>	<u>Fiscal 1993</u>
Medicaid Matching Rate*	**	0.1375	0.1875
General Fund			
Title 19 Medicaid	\$335,362	\$429,563	\$485,329
Title 18 Medicare	278,215	707,337	640,624
	<u>424,225</u>	<u>1,133,836</u>	<u>1,083,575</u>
Total	\$1,037,802	\$2,270,736	\$2,209,528

\* Match in fiscal 1994 will be 23.75 percent, and in fiscal 1995 and beyond 25%.

\*\*Match in fiscal 1990 was 25% for personal services, travel, and training;  
50% for all other costs.

## LABOR &amp; INDUSTRY

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	639.00	639.00		639.00	639.00	639.00		639.00
Personal Services	16,839,489	16,809,664		18,014,052	16,822,255	16,791,664		18,710,377
Operating Expenses	8,341,463	8,334,983	1,204,388	8,334,983	8,123,343	8,116,863	1,918,713	8,116,863
Equipment	332,546	329,846	0	329,846	267,066	264,366	0	264,366
Grants	15,804,704	15,804,704	0	15,804,704	16,555,799	16,555,799	0	16,555,799
Benefits and Claims	423,224	423,224	0	423,224	394,028	394,028	0	394,028
Transfers	126,517	126,517	0	126,517	124,485	124,485	0	124,485
Total Costs	\$41,867,943	\$41,828,938	\$1,204,388	\$43,033,326	\$42,286,976	\$42,247,205	\$1,918,713	\$44,165,918
Fund Sources								
General Fund	762,128	723,123	19,864	742,987	730,552	690,781	32,516	723,297
State Revenue Fund	2,818,842	2,818,842	169,999	2,988,841	2,772,985	2,772,985	254,828	3,027,813
Federal Revenue Fund	34,987,285	34,987,285	872,945	35,860,230	35,597,246	35,597,246	1,406,287	37,003,533
Proprietary Fund	3,299,688	3,299,688	141,580	3,441,268	3,186,193	3,186,193	225,082	3,411,275
Total Funds	\$41,867,943	\$41,828,938	\$1,204,388	\$43,033,326	\$42,286,976	\$42,247,205	\$1,918,713	\$44,165,918

## Agency Description

The Department of Labor and Industry, provided for in Section 2-15-1701, MCA, serves as an employment agency, collects and disburses state unemployment funds, provides training, and oversees federal Job Training Partnership Act (JTPA) grants. The department also enforces state wage and hour laws, provides for apprenticeships, hears classification and unemployment insurance disputes, enforces state and federal anti-discrimination in employment laws, and performs workers' compensation regulatory duties.

## LABOR & INDUSTRY

### Special Session Action

		Executive Budget Proposal		Legislative Budget Action	
		General Fund	Other Funds	General Fund	Other Funds
Description	Pgm	Fiscal 1992	Fiscal 1993	Fiscal 1992	Fiscal 1993
House Bill 2					
1 Silicosis Administration	04	(\$11,199)	(\$11,139)	(\$11,199)	(\$11,139)
2 Human Rights Commission	08	(27,806)	(28,632)	(27,806)	(28,632)
Other					
Sub-Totals		(39,005)	(39,771)	(39,005)	(39,771)
3 UI Fund Balance Transfer HB 4 NA		(1,500,000)		(1,500,000)	
Sub-Totals		(1,500,000)		(1,500,000)	
Grand Totals		(\$1,539,005)	(\$39,771)	(\$1,539,005)	(\$39,771)

1) Silicosis Administration - The legislature approved the Executive Budget proposal to eliminate all general fund appropriated for administering the silicosis benefit program. Appropriations for silicosis benefits are not reduced.

2) Human Rights Commission - The legislature approved the Executive Budget proposal to reduce the general fund appropriation to the Human Rights Commission by 8 percent each year of the biennium. The entire reduction was made in the budget modification approved by the 1991 legislature to reduce case backlogs (see Budget Modification section).

3) UI Fund Balance Transfer - The legislature approved the Executive Budget proposal (House Bill 4) to amend the statute authorizing the Unemployment Insurance (UI) Administration Account to permit the transfer of \$1.5 million from the account to the general fund. According to agency staff, the transfer would result in a fiscal 1993 ending fund balance that would still be adequate to fund 1995 biennium services at current level plus fund a pay plan comparable to that funded in the 1993 biennium.

## LABOR & INDUSTRY

The UI administrative tax, enacted by the 1983 legislature, is set at 0.1 percent of all wages subject to the unemployment tax paid by an employer with an experience rating, and 0.05 percent of total wages paid by an employer without an experience rating. Although, according to committee minutes, the purpose of the tax was to provide funding to keep rural Job Service offices open if federal funds were reduced, none of the funds were spent for administrative purposes until fiscal 1989. The table below (based on agency records) shows revenues collected from the tax, interest earned on the tax revenues and disbursements from the account through the 1995 biennium after \$1.5 million is transferred to the general fund.

### UI Administrative Tax Revenues and Expenditures

Transaction Type	FY84-88 Actual	FY89 Actual	FY90 Actual	FY91 Actual	FY92 Estimated	FY93 Estimated	FY94 Estimated	FY95 Estimated
<b>BEGINNING BALANCE:</b>	-0-	\$2,219,366	\$4,604,233	\$5,644,759	\$6,900,281	\$4,174,521	\$2,071,022	\$1,362,768
<b>REVENUES:</b>								
UI Tax	\$10,477,856	2,569,020	2,634,066	2,816,610	2,873,500	2,951,455	3,031,524	3,113,766
Interest	417,876	165,847	283,672	418,113	328,736	174,864	103,297	49,644
<b>Total Revenues</b>	10,895,732	2,734,867	2,917,738	3,234,723	3,202,236	3,126,319	3,134,821	3,163,410
<b>EXPENDITURES:</b>								
Job Service		350,000	551,172	602,902	1,254,254	1,563,259	1,875,574	2,187,889
Jobs for Montana Graduates				96,941	126,517	124,485	124,485	124,485
Unemployment Insurance				73,039	100,000	100,000	100,000	100,000
Employment Relations				584,760	673,640	698,513	719,132	739,751
Legal Services			543,163	161,364	225,585	231,300	237,460	243,620
Research/Safety/Training			186,843	260,923	278,096	277,875	284,279	290,683
Displaced Homemakers			247,301	199,272	216,000	216,000	216,000	216,000
New Horizons Day Care			216,000					
Project Work			106,725		286,145	286,145	286,145	286,145
New Horizons			26,008					
JTPA Funding Shortfall					1,267,759	1,732,241		
Transfers to UI Trust	8,676,366				1,500,000			
Transfer to General Fund								
<b>Total Expenditures</b>	8,676,366	350,000	1,877,212	1,979,201	5,927,996	5,229,818	3,843,075	4,188,573
<b>Ending Fund Balance</b>	\$2,219,366	\$4,604,233	\$5,644,759	\$6,900,281	\$4,174,521	\$2,071,022	\$1,362,768	\$337,605

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## LABOR & INDUSTRY

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### Language

"All unappropriated revenue to and fund balance in the Unemployment Insurance Administrative Tax account is appropriated to a reserve fund for job service administrative costs, except amounts, up to \$100,000 per fiscal year, necessary to comply with federal requirements that a cost allocation plan for non-unemployment insurance tax collections be established. The amount of unappropriated funds for deposit into the reserve shall be determined after all other Unemployment Insurance Administrative Tax appropriations are funded. The job service reserve fund shall be maintained within the Unemployment Insurance Administrative Tax account. Interest earned on the job service reserve shall be deposited into the job service reserve fund. Sufficient funds from the job service reserve are appropriated to the department to fund the job service federal fund appropriation in fiscal 1992 and 1993, contingent upon receipt of federal funds for the support of job service functions that are less than the level received in fiscal 1991. Funds in the job service reserve shall not be transferred to the Unemployment Insurance Trust fund until January 30, 1993, except in the case that an amount is necessary to reduce the employer contribution schedule for the coming year. Any transfer prior to January 30, 1993, must be reviewed by the legislative finance committee."

"The department, in concert with other interested parties, shall prepare formal guidelines for use of the Unemployment Insurance Administrative Tax funds and present these guidelines to the 53rd Legislature. At a minimum, the guidelines shall include a prioritization of programs and activities to be funded. The criteria for prioritization shall include the following considerations: 1) loss of federal funding, impact on rural communities, and employer/employee related functions; and 2) the establishment and maintenance of a reserve fund to ensure employment security services continue in the event of federal fund reductions."

"During fiscal 1993, the department is authorized to use unemployment insurance administrative tax funds appropriated for funding the JTPA as state matching funds for federal funds appropriated to the department of social and rehabilitation services for the job opportunities and basic skills (JOBS) program."

### Budget as Approved by the Regular 1991 Legislative Session

The legislature implemented a 4 percent vacancy savings reduction for this agency in the 1993 biennium, except for: 1) Human Rights Commission, which is subject to a 2 percent vacancy savings rate; and 2) Workers Compensation Court, to which no vacancy savings was applied in the 1993 biennium.

FTE decrease by 5.09 from fiscal 1990 to fiscal 1992 and fiscal 1993 as a net result of: 1) 11.0 FTE added through budget modifications; 2) 1.5 FTE added through reorganization and legislative action; 3) a decrease of 7.0 FTE due to privatization of the administrative entity for the JTPA private industry councils; 4) a decrease of 5.59 FTE due to program elimination; 5) elimination of 3.0 FTE due to extended vacancy; and 6) elimination of 2.0 FTE due to passage of House Bill 837, which eliminates the workers' compensation rehabilitation panels.

## LABOR & INDUSTRY

Personal services increase 5.7 percent from fiscal 1990 to fiscal 1992 primarily because of the additional FTE, vacancy savings in fiscal 1990, and continuation of the 1991 pay plan in the 1993 biennium. This increase is partially offset by vacancy savings for the 1993 biennium, which reduces personal services by \$684,950 in fiscal 1992 and \$684,264 in fiscal 1993.

Operating expenses increase by 10.9 percent from fiscal 1990 to fiscal 1992 due to: 1) restructuring of the Division of Workers' Compensation, which resulted in increased rent, data processing, indirect charges and other costs; and 2) the addition of \$397,185 in budget modifications. These increases are partially offset by a reduction of \$17,394 due to implementation of House Bill 837, which eliminates the workers' compensation rehabilitation panels.

Grants increase 69.7 percent from fiscal 1990 to fiscal 1992 as a result of: 1) budget modifications, which add \$1,964,194 in fiscal 1992 and \$2,497,034 in fiscal 1993; 2) the transfer of supportive service payments for Job Training Partnership Act (JTPA) participants from benefits and claims to the grants category; and 3) a technical adjustment to account for JTPA pass-through funds to the private administrative entity that disburses the funds.

Benefits and claims decrease by 26.9 percent from fiscal 1990 to fiscal 1992 due to: 1) a decrease in silicosis and social security offset benefits; and 2) transfer of supportive service payments to the grants category.

Transfers consist of funds for the Jobs for Montana's Graduates (JMG) program. These funds must be distributed to the Office of Public Instruction for administration of JMG.

### Summary of Budget Modifications

		FY 1992-		FY 1993-			
PGM	FTE	General Fund	Other Funds	FTE	General Fund	Other Funds	
1 Federal EDWAAA/TAA Grants	01 6.00		\$247,869	6.00		\$247,534	
2 Jobs For Montana Graduates	01		126,517			124,485	
3 UI Accounts Receivable	02 3.00		126,312	3.00		102,208	
4 HB187 Implementation	04 1.00		44,438	1.00		38,485	
5 Case Backlog	08 1.00	\$16,461		1.00	\$8,690		
6 PWP Contracts	50		286,145			286,145	
7 Federal EDWAAA/TAA Grants	50		596,435			664,793	
8 JTPA Funding	50		1,267,759			1,732,241	
<b>TOTALS</b>	<b>11.00</b>	<b>\$16,461</b>	<b>\$2,695,475</b>	<b>11.00</b>	<b>\$8,690</b>	<b>\$3,195,891</b>	

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## LABOR & INDUSTRY

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- 1) Economic Dislocated Worker Adjustment & Assistance/Trade Adjustment Assistance (EDWAA/TAA) - This modification adds 6.0 FTE to provide job training and adjustment services to laid-off or potentially laid-off employees. The program began in fiscal 1991 through a budget amendment and is totally funded with federal funds.
- 2) Jobs for Montana's Graduates (JMG) - This modification appropriates funds for transfer to the Office of Public Instruction for administration of the JMG program. These funds support operating expenses and grants to provide job training services to high school students at risk of dropping out. The program began in fiscal 1991 via budget amendment and is funded with Unemployment Insurance Administrative Tax funds.
- 3) UI Accounts Receivable - This modification provides 3.0 FTE and related operating expenses for collection of UI accounts receivable. According to the department, the division is not collecting accounts receivable due to staff shortage. Collection of accounts receivable would add approximately \$550,000 over the biennium to the Unemployment Insurance Trust Fund and could potentially increase contributions to the UI penalty and interest account. This modification is funded 100 percent with federal unemployment insurance funds. Language in House Bill 2 requires that the department provide information to the 53rd legislature regarding the actual amount collected by the 3.0 FTE approved in this budget modification.
- 4) House Bill 187 Implementation - This modification adds 1.0 FTE, operating expenses and equipment to comply with requirements of House Bill 187, which mandates changes in the way workers compensation premiums for construction industry are calculated. This modification is fully funded with workers compensation state special revenue funds.

While House Bill 2 as enacted by the 1991 legislature contained a line item appropriation for implementation of House Bill 342 (which mandates the department to investigate complaints regarding workers compensation coverage in the construction industry), this bill was vetoed by the Governor, making this appropriation void.
- 5) Case Backlog - This modification, as approved by the regular 1991 legislative session, appropriated \$44,267 general fund in fiscal 1992 and \$37,322 general fund in fiscal 1993 to reduce the backlog of cases currently filed with the Human Rights Commission by 50 cases per year. The January, 1992 special legislative session reduced these amounts to \$16,461 and \$8,690 respectively.
- 6) Project Work Program (PWP) Contracts - Federal Unemployment Insurance Administrative Tax is utilized as matching funds for anticipated grants from the Department of Social and Rehabilitation Services for the Project Work program.
- 7) EDWAA/TAA - This modification provides grants and/or supportive service payments to EDWAA/TAA program participants. The EDWAA/TAA program, administered by the Job Service Division, was begun via budget amendment in fiscal 1991 and is 100 percent federally funded.
- 8) JTPA Funding - Unemployment Insurance Administrative Tax was added to maintain JTPA programs at fiscal 1991 levels, contingent upon reductions in federal funding below the level received in fiscal 1991.

## LABOR & INDUSTRY

### Funding

General fund decreases from fiscal 1990 to fiscal 1992 as a result of: 1) a decrease in silicosis and social security offset benefit payments; and 2) the 2 percent vacancy savings rate applied to personal services in the Human Rights Commission. These decreases are partially offset by the Human Rights Commission Case Backlog budget modification.

State special revenue increases by 2.6 percent due primarily to an increased level of workers' compensation regulatory activity since reorganization. This increase is partially offset by: 1) a reclassification of funds for administration of uninsured and subsequent injury benefits to proprietary funds; 2) the vacancy savings applied to all agency programs in the 1993 biennium except Workers Compensation Court; and 3) the net decrease in workers compensation funded needed to implement House Bills 187 and 837.

Federal revenue increases 25.6 percent due to increased use of the Unemployment Insurance Administrative Tax funds, and the technical adjustment to account for JTPA pass-through funds, which is partially offset by vacancy savings implemented for the 1993 biennium.

Proprietary funds increase primarily because of an increase in agency indirect costs and the reclassification of benefit payments for uninsured employer and subsequent injuries from state special to proprietary funds. This increase is partially offset by mandated vacancy savings in the 1993 biennium.

### Other Legislation

The following table shows other legislation which appropriates funds to the department for the 1993 biennium.

Bill No./Description	Fiscal 1992			Fiscal 1993		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
HB 5 - Capital Projects*		\$0	\$519,450			
HB 704 - Apprenticeship Instruction		0	110,000			110,000
Totals	0.0	0.0	\$629,450	0.0	0.0	\$110,000
* Biennial appropriation						



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## LABOR & INDUSTRY

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HB 5 - Capital Projects - This bill appropriates \$310,000 over the biennium to renovate and expand the Great Falls Job Service, and \$209,450 over the biennium to complete various major maintenance projects on other local job service offices. Funding for these projects comes from federal labor and industry funds.

HB 704 - Apprenticeship Instruction - Unemployment Insurance penalty and interest funds are appropriated to the department to fund apprenticeship instruction programs. These programs are no longer eligible for Carl Perkins funds, which supported them previously.

## JOB SERVICE DIVISION

<u>Budget Item</u>	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	320.85	320.85		320.85	320.85	320.85		320.85
Personal Services	8,381,891	8,381,891		8,954,481	8,372,624	8,372,624	910,410	9,283,034
Operating Expenses	3,258,983	3,258,983	572,590	3,258,983	3,217,704	3,217,704	0	3,217,704
Equipment	81,759	81,759	0	81,759	82,419	82,419	0	82,419
Transfers	126,517	126,517	0	126,517	124,485	124,485	0	124,485
Total Costs	\$11,849,150	\$11,849,150	\$572,590	\$12,421,740	\$11,797,232	\$11,797,232	\$910,410	\$12,707,642
<u>Fund Sources</u>								
State Revenue Fund	88,244	88,244	4,763	93,007	88,236	88,236	7,180	95,416
Federal Revenue Fund	11,760,906	11,760,906	567,827	12,328,733	11,708,996	11,708,996	903,230	12,612,226
Total Funds	\$11,849,150	\$11,849,150	\$572,590	\$12,421,740	\$11,797,232	\$11,797,232	\$910,410	\$12,707,642

### Program Description

The Job Service Division provides a wide range of federally funded employment and training programs including: 1) employment services; 2) unemployment insurance; 3) veterans services; 4) migrant and seasonal farm worker services; 5) alien certification; 6) housing inspection; 7) immigration reform and control act; 8) federal bonding program; 9) job training partnership; 10) targeted job tax credit; and 11) trade adjustment/readjustment assistance. The Job Service Division also participates on Workers' Compensation rehabilitation panels.

### Language

"The amount of Unemployment Insurance administrative tax funding for the Jobs for Montana's Graduates (JMG) program may not be increased."

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## JOB SERVICE DIVISION

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"Funds appropriated in [Jobs for Montana's Graduates budget modification] must be distributed to the Office of Public Instruction for administration of the Jobs for Montana's Graduates program."

### Budget as Approved by the Regular 1991 Legislative Session

FTE increase by 5.25 from fiscal 1990 to fiscal 1992 due to: 1) the addition of 1.0 FTE from Centralized Services to decentralize department recordkeeping; 2) the addition of 6.0 FTE in the budget modifications discussed below; and 3) elimination of 1.75 FTE in the Work Incentive (WIN) program due to federal elimination of the program. Personal services increase 8.0 percent due to the budget modifications, which add \$143,999 in fiscal 1992 and \$143,664 in fiscal 1993; vacancy savings in fiscal 1990; and continuation of the 1991 pay plan in the 1993 biennium. These increases are partially offset by the 4 percent vacancy savings implemented by the legislature for the 1993 biennium, which reduce personal services by \$349,245 in fiscal 1992 and \$348,859 in fiscal 1993.

Operating expenses increase 3.7 percent from fiscal 1990 to fiscal 1992 because of: 1) a \$45,231 increase in rent; 2) a \$58,286 increase in data processing costs; and 3) the addition of \$103,870 through budget modifications. These increases are partially offset by a \$69,600 decrease in contracted services due to elimination of an alien certification contract and a \$28,137 decrease in agency indirect costs.

Equipment includes new vehicles, computers, and replacement office and duplicating equipment. Transfers contain funds for the Jobs for Montana's Graduates program, which must be distributed to the Office of Public Instruction for administration of that program.

### Funding

State special revenue consists of Workers' Compensation funds to support the Workers' Compensation Rehabilitation Panel and increases 1.4 percent because of increases in personal services costs due to continuation of the 1991 pay plan increase in the 1993 biennium, which is offset by vacancy savings implemented for the 1993 biennium. Although the workers compensation rehabilitation panels were eliminated by HB 837, the 2.0 FTE associated with these panels were removed from the Employment Relations Division (ERD) budget. According to the department, funds currently appropriated in Job Service for the rehabilitation panels will be transferred to ERD to support rehabilitation activities replacing the panels.

Federal funds include federal Job Service funds, Employment and Training Council grant funds, and Unemployment Insurance Administrative Tax funds. UI Admin Tax of \$728,106 in fiscal 1992 and \$724,749 in fiscal 1993 is utilized in current level because federal Job Service funds are projected to be insufficient to fully fund the division.

## UNEMPLOYMENT INSURANCE

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	98.90	98.90		98.90	98.90	98.90		98.90
Personal Services	2,398,399	2,398,399	200,130	2,598,529	2,395,708	2,395,708	317,206	2,712,914
Operating Expenses	1,383,487	1,383,487	0	1,383,487	1,343,702	1,343,702	0	1,343,702
Equipment	85,914	85,914	0	85,914	64,243	64,243	0	64,243
Total Costs	\$3,867,800	\$3,867,800	\$200,130	\$4,067,930	\$3,803,653	\$3,803,653	\$317,206	\$4,120,859
<u>Fund Sources</u>								
Federal Revenue Fund	3,867,800	3,867,800	200,130	4,067,930	3,803,653	3,803,653	317,206	4,120,859
Total Funds	\$3,867,800	\$3,867,800	\$200,130	\$4,067,930	\$3,803,653	\$3,803,653	\$317,206	\$4,120,859

### Program Description

The Unemployment Insurance Division administers the state's unemployment insurance law and related federal programs. This division determines employers' tax liability; processes employer quarterly reports; collects taxes; determines employer tax rates; receives, processes, and pays benefits claims; adjudicates problem claims; and compiles data for state and federal reporting. The division operates through three bureaus: 1) the Benefits Bureau; 2) the Contributions Bureau; and 3) the Planning and Evaluation Bureau.

### Language

"The department shall provide information to the 53rd legislature regarding the actual amount collected by the 3.0 FTE added to collect Unemployment Insurance accounts receivable."

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## UNEMPLOYMENT INSURANCE

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### Budget as Approved by the Regular 1991 Legislative Session

FTE show no change from fiscal 1990 to fiscal 1992 and 1993 as a net result of: 1) elimination of 3.0 FTE from current level due to extended vacancies; and 2) the addition of 3.0 FTE through the budget modification discussed below. Personal services increase 7.4 percent primarily due to vacancy savings realized in fiscal 1990 and continuation of the fiscal 1991 pay plan in the 1993 biennium. This increase is partially offset by vacancy savings implemented for the 1993 biennium, which reduce personal services by \$99,934 in fiscal 1992 and \$99,821 in fiscal 1993.

Operating expenses increase 8.1 percent from fiscal 1990 to fiscal 1992 primarily due to: 1) a \$36,586 increase in data processing costs for specialized computer programming; 2) a \$52,945 increase in agency indirect costs; and 3) the budget modification, which adds \$40,729 in fiscal 1992 and \$32,970 in fiscal 1993.

### Funding

Unemployment insurance is entirely funded with federal unemployment insurance funds.

## COMMISSIONER/CENTRALIZED SERVICES

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	64.50	64.50		64.50	64.50	64.50		64.50
Personal Services	1,812,101	1,812,101	135,540	1,947,641	1,809,951	1,809,951	215,289	2,025,240
Operating Expenses	909,077	909,077	0	909,077	835,095	835,095	0	835,095
Equipment	56,138	56,138	0	56,138	19,107	19,107	0	19,107
Total Costs	\$2,777,316	\$2,777,316	\$135,540	\$2,912,856	\$2,664,153	\$2,664,153	\$215,289	\$2,879,442
<u>Fund Sources</u>								
Proprietary Fund	2,777,316	2,777,316	135,540	2,912,856	2,664,153	2,664,153	215,289	2,879,442
Total Funds	\$2,777,316	\$2,777,316	\$135,540	\$2,912,856	\$2,664,153	\$2,664,153	\$215,289	\$2,879,442

### Program Description

The Commissioner/Centralized Services Division provides overall administration and support services to the department. The Commissioner's Office is responsible for overall administration of the department including: 1) provision of program direction; 2) management of human and financial resources; and 3) representation on all legislative matters. Centralized Services provides the central support functions of the department through four bureaus: 1) Information Services; 2) Management Services; and 3) Personnel and Training.

### Budget as Approved by the Regular 1991 Legislative Session

Personal services increase due to vacancy savings realized in fiscal 1990 and continuation of the fiscal 1991 pay plan in the 1993 biennium. This increase is partially offset by vacancy savings implemented for the 1993 biennium, which reduces personal services by \$76,891 in fiscal 1992 and \$76,607 in fiscal 1993.

Operating expenses increase by 5.6 percent from fiscal 1990 to fiscal 1992 due to additional mail, accounting, microfilming, and printing duties resulting from the reorganization and assumption of workers' compensation regulatory functions, and increased insurance

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## COMMISSIONER/CENTRALIZED SERVICES

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and rent charges. These increases are partially offset by a decrease in workers' compensation audit costs. Equipment consists of specialized computer software, duplicating equipment, and computers.

### Funding

The Commissioner/Centralized Services program is funded entirely with charges assessed against the other programs of the department. State special revenue in the 1991 biennium consisted of a one-time only payment from the State Fund for indirect costs associated with reorganization and the addition of staff and programs to the department. Because this was a one-time only payment, it is not continued in the 1993 biennium. All indirect assessments in the 1993 biennium are paid by department programs.

Federal revenue in fiscal 1990 consisted of indirect assessments against other agency programs and DMC for support of the Audit Bureau. Audit functions have now been decentralized as part of the agency reorganization and all audit expenses will be funded with funding sources within the programs receiving audit staff.

Proprietary funds are indirect assessments charged to all programs within the department.

## EMPLOYMENT RELATIONS

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	58.75	58.75		58.75	58.75	58.75		58.75
Personal Services	1,487,126	1,475,927						
Operating Expenses	983,454	983,454	114,068	1,589,995	1,485,161	1,474,022	182,849	1,656,871
Equipment	13,459	13,459	0	983,454	946,213	946,213	0	946,213
Benefits and Claims	423,224	423,224	0	13,459	9,659	9,659	0	9,659
				423,224	394,028	394,028	0	394,028
Total Costs	\$2,907,263	\$2,896,064	\$114,068	\$3,010,132	\$2,835,061	\$2,823,922	\$182,849	\$3,006,771
Fund Sources								
General Fund	434,423	423,224	0	423,224	405,167	394,028	0	394,028
State Revenue Fund	1,403,533	1,403,533	79,727	1,483,260	1,356,435	1,356,435	127,889	1,484,324
Federal Revenue Fund	680,030	680,030	34,341	714,371	684,365	684,365	54,960	739,325
Proprietary Fund	389,277	389,277	0	389,277	389,094	389,094	0	389,094
Total Funds	\$2,907,263	\$2,896,064	\$114,068	\$3,010,132	\$2,835,061	\$2,823,922	\$182,849	\$3,006,771

## Program Description

The Employment Relations Division administers and enforces state statutes and rules on legal issues arising through the division's boards and bureaus. This division includes five functional units: 1) the five-member Board of Personnel Appeals, which hears classification appeals for state government employees and grievances for employees in the Departments of Highways and Fish, Wildlife, and Parks; 2) the three-member Board of Labor Appeals, which hears appeals concerning the administration of Montana's unemployment insurance laws; 3) the Administrative Support Unit, which provides division-wide administrative support and serves as staff for both of the division's quasi-judicial boards; 4) the Dispute Resolution Bureau, which assists organizations and individuals to arrive at early, less expensive settlement of their disputes and obligations concerning labor issues; and 5) the Standards Bureau, which enforces obligations created by state and federal laws and rules.



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## EMPLOYMENT RELATIONS

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### Language

"The department is appropriated up to \$1 million each year from accounts established in sections 39-71-502 and 39-71-901, MCA, to pay uninsured employer and subsequent injury benefits as required by sections 39-71-503 and 39-71-907, MCA."

### Budget as Approved by the Regular 1991 Legislative Session

In mid-fiscal 1990, this division assumed insurance compliance and accident cataloging functions from the Division of Workers' Compensation. All FTE and related expenditures for the insurance compliance function is included in actual fiscal 1990 expenditures. Accident cataloging FTE and expenditures are included in the State Fund's actual fiscal 1990 expenditures.

FTE are reduced by 1.0 as a result of: 1) elimination of 2.0 FTE due to passage of House Bill 837, which eliminates the workers compensation rehabilitation panels; and 2) the addition of 1.0 FTE in the budget modification discussed below.

Personal services increase 10.6 percent from fiscal 1990 to fiscal 1992 because of: 1) an additional \$8,728 per year for per diem for members of the Boards of Personnel and Labor Appeals; 2) vacancy savings realized in fiscal 1990; 3) the addition of 1.0 FTE through budget modifications; and 4) continuation of the fiscal 1991 pay plan in the 1993 biennium. These increases are partially offset by the elimination of 2.0 FTE due to passage of House Bill 837; and vacancy savings implemented for the 1993 biennium, which reduce personal services by \$57,552 in fiscal 1992 and \$58,057 in fiscal 1993.

Operating expenses increase 55.1 percent from fiscal 1990 to fiscal 1992 primarily due to increased costs as a result of the assumption of workers compensation functions, including: 1) a \$120,738 increase in rent; 2) a \$184,626 increase in agency indirect costs; 3) an \$86,616 increase in data processing costs; 4) a \$32,458 increase in travel; 5) an additional \$49,781 for accident cataloging costs; and 6) a \$25,762 increase in Department of Administration computer network charges. In addition, \$159 in fiscal 1992 and \$3,288 in fiscal 1993 is added due to the net of the budget modification and elimination of workers compensation panels through House Bill 837. Partially offsetting these increases are: 1) a \$120,000 decrease in audit expenses associated with the Division of Workers' Compensation; and 2) elimination of \$34,132 in phone-moving charges.

Equipment includes computer equipment. Benefits and claims are silicosis and social security offset benefits and decrease because the number of recipients is projected to decline.

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## EMPLOYMENT RELATIONS

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### Funding

General fund, which supports silicosis and social security offset payments and program administration, decreases due to an anticipated reduction in benefit recipients. (The January, 1992 special legislative session eliminated all general fund appropriations for administration of the silicosis benefit program. See "Special Session" section in agency narrative.)

State special revenue includes workers' compensation funds and Board of Personnel Appeals fact-finding income. The 3.7 percent increase is the net result of: 1) the increased level of workers compensation regulatory activity; and 2) transfer of administration of uninsured employer and subsequent injury benefit payments from state special to proprietary funds. This increase is partially offset by the net decrease in workers compensation funds needed to implement House Bills 187 and 837.

Federal revenue consists of Unemployment Insurance funds and Unemployment Insurance Administrative Tax funds. Proprietary funds increase because of the transfer of uninsured employer and subsequent injury benefit payments from state special revenue.

## LEGAL SERVICES DIVISION

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	18.00	18.00		18.00	18.00	18.00		18.00
Personal Services	565,072	565,072	37,919	602,991	564,585	564,585	61,814	626,399
Operating Expenses	264,941	264,941	0	264,941	268,949	268,949	0	268,949
Equipment	5,422	5,422	0	5,422	5,584	5,584	0	5,584
Total Costs	\$835,435	\$835,435	\$37,919	\$873,354	\$839,118	\$839,118	\$61,814	\$900,932
<u>Fund Sources</u>								
State Revenue Fund	243,463	243,463	11,050	254,513	244,610	244,610	18,019	262,629
Federal Revenue Fund	458,877	458,877	20,829	479,706	461,562	461,562	34,002	495,564
Proprietary Fund	133,095	133,095	6,040	139,135	132,946	132,946	9,793	142,739
Total Funds	\$835,435	\$835,435	\$37,919	\$873,354	\$839,118	\$839,118	\$61,814	\$900,932

### Program Description

The Legal Division provides legal and hearings services to the department. This new division, which was created during the recent departmental reorganization, absorbed the regulatory duties of the former Workers' Compensation Division. It consists of a Legal Unit and a Hearings Bureau.

### Budget as Approved by the Regular 1991 Legislative Session

Legal Services is a new division, created during fiscal 1990 to centralize all department legal and hearings functions. Personal services increase 14.2 percent due to: 1) upgrades given to all attorneys in late fiscal 1990, which adds approximately \$71,000 per year; 2) vacancy savings realized in fiscal 1990; and 3) continuation of the fiscal 1991 pay increases in the 1993 biennium. This increase is partially offset by the 4 percent vacancy savings implemented for the 1993 biennium, which reduces personal services by \$23,545 in fiscal 1992 and \$23,524 in fiscal 1993.

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## LEGAL SERVICES DIVISION

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The 29.9 percent increase in operating expenses from fiscal 1990 to fiscal 1992 is primarily due to: 1) a \$50,504 increase in agency indirect costs; and 2) a \$6,483 increase in Department of Administration computer network charges. Equipment is computer equipment.

### Funding

State special revenue consists of workers' compensation funds which support workers' compensation hearings. Federal revenue includes federal unemployment insurance funds, which support hearings on Unemployment Insurance benefit appeals, and Unemployment Insurance Administrative Tax funds for Board of Personnel Appeals activities. Proprietary funds are assessments against department programs using legal services, which provides general agency legal support.

## RESEARCH, SAFETY AND TRAINING

<u>Budget Item</u>	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	60.00	60.00		60.00	60.00	60.00		60.00
Personal Services	1,653,214	1,653,214	111,122	1,764,336	1,653,300	1,653,300	177,846	1,831,146
Operating Expenses	1,025,122	1,025,122	0	1,025,122	993,570	993,570	0	993,570
Equipment	76,454	76,454	0	76,454	76,454	76,454	0	76,454
Total Costs	\$2,754,790	\$2,754,790	\$111,122	\$2,865,912	\$2,723,324	\$2,723,324	\$177,846	\$2,901,170
<u>Fund Sources</u>								
State Revenue Fund	727,437	727,437	61,304	788,741	728,061	728,061	80,957	809,018
Federal Revenue Fund	2,027,353	2,027,353	49,818	2,077,171	1,995,263	1,995,263	96,889	2,092,152
Total Funds	\$2,754,790	\$2,754,790	\$111,122	\$2,865,912	\$2,723,324	\$2,723,324	\$177,846	\$2,901,170

### Program Description

The Research, Safety, and Training Division provides planning and administrative functions for employment, job training, and safety activities in the department. The division is organized into three bureaus: 1) the Apprenticeship and Training Bureau, which administers employment and training programs, serves as staff to the State Job Training Coordinating Council and Apprenticeship Advisory Council, and serves as the state registration agency for apprenticeship programs; 2) the Research and Analysis Bureau, which develops data and statistics, conducts studies, charts and forecasts trends, and publishes information regarding employment and unemployment in Montana; and 3) the Safety Bureau, which administers the state's industrial safety laws.

### Budget as Approved by the Regular 1991 Legislative Session

In the 1991 biennium, the department provided administrative support for the two private industry councils (PIC's) that disburse federal JTPA funds. In the 1993 biennium, that support function was privatized, eliminating 7.0 FTE. Partially offsetting this decrease was the addition of 0.5 FTE for a JTPA program officer.

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## RESEARCH, SAFETY AND TRAINING

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Personal services decrease 8.1 percent from fiscal 1990 to fiscal 1992 due to: 1) the reduction in FTE; and 2) the 4 percent vacancy savings implemented for the 1993 biennium, which reduces personal services by \$71,339 in fiscal 1992 and \$70,853 in fiscal 1993. These reductions are partially offset by vacancy savings realized in fiscal 1990 and continuation of the fiscal 1991 pay plan increase in the 1993 biennium.

Operating expenses decrease 14.0 percent from fiscal 1990 to 1992. Significant items contributing to the decrease include: 1) a \$69,681 decrease in one-time supply costs; 2) a \$39,659 decrease in audit fees associated with administrative support for the PIC's; and 3) a \$33,614 reduction in contracted services due to privatization of administrative support for the PIC's. In fiscal 1993, indirect costs are reduced by \$16,831, and contracted services by \$9,000 due to expected completion of an apprenticeship promotion video.

Equipment in the 1993 biennium includes automobiles and various computer and safety equipment.

### Funding

State special revenue is workers' compensation funds, which support the Safety Bureau. Federal funds include three grants: 1) two from the Occupational Safety and Health Administration (OSHA) for on-site consultation and a statistical study, totalling \$90,262 each year; and 2) one from the Mining Safety and Health Administration for mine safety training, which totals \$37,111 per year. Other federal funds include employment and training council grants, Unemployment Insurance Administrative Tax, Bureau of Labor Statistics, and National Occupational Information Coordinating Committee (NOICC) funds. The 17.1 percent decrease in federal funds is primarily related to the privatization of administrative support for the private industry councils and vacancy savings implemented for the 1993 biennium.

## HUMAN RIGHTS COMMISSION

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	10.00	10.00		10.00	10.00	10.00		10.00
Personal Services	288,303	269,677	19,864	289,541	288,392	268,940	32,516	301,456
Operating Expenses	133,072	126,592	0	126,592	134,456	127,976	0	127,976
Equipment	7,800	5,100	0	5,100	4,000	1,300	0	1,300
Total Costs	\$429,175	\$401,369	\$19,864	\$421,233	\$426,848	\$398,216	\$32,516	\$430,732
<u>Fund Sources</u>								
General Fund	327,705	299,899	19,864	319,763	325,385	296,753	32,516	329,269
Federal Revenue Fund	101,470	101,470	0	101,470	101,463	101,463	0	101,463
Total Funds	\$429,175	\$401,369	\$19,864	\$421,233	\$426,848	\$398,216	\$32,516	\$430,732

### Program Description

The Human Rights Division is responsible for enforcement of the Montana Human Rights Act and the Governmental Code of Fair Practices through investigations, conciliation, hearings, and education. This division consists of two functions: 1) the Human Rights Commission, which is administratively attached to the department and is responsible for enforcing laws which prohibit discrimination in employment, housing, public accommodations, financing and credit transactions, insurance, education, and government services; and 2) Human Rights Outreach, which educates the public about laws prohibiting discrimination to promote voluntary compliance.

### Legislative Intent

The Department shall use the additional FTE and operating expenses included in the budget modification to reduce the backlog of cases filed with the Human Rights Commission. It is intended that an additional 50 cases per year be closed. (The January, 1992 special legislative session reduced the appropriations for this budget modification and anticipates that 25 additional cases per year will be closed. See "Special Session" section in agency narrative.)

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## HUMAN RIGHTS COMMISSION

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### Budget as Approved by the Regular 1991 Legislative Session

FTE increase by 0.16 FTE as a net result of: 1) elimination of 0.84 FTE due to discontinuation of a federal fair housing grant; and 2) the addition of 1.0 FTE in the budget modification discussed below.

The personal services budget increases due to the additional FTE, vacancy savings in fiscal 1990, and continuation of the fiscal 1991 pay plan in the 1993 biennium. These increases are partially offset by a 2 percent vacancy savings rate applied to this program for the 1993 biennium, which reduces personal services by \$6,444 in fiscal 1992 and \$6,443 in fiscal 1993.

Operating expenses increase by 5.7 percent from fiscal 1990 to fiscal 1992 because of: 1) a \$5,000 increase in agency indirect costs; 2) a \$4,364 increase in computer network charges; and 3) an additional \$17,375 added through the budget modification in fiscal 1992. These increases are partially offset by elimination of \$19,732 in fair housing grant expenditures.

Equipment funded in the 1993 biennium includes office and computer equipment.

### Funding

All cases heard by the Human Rights Commission fall under state law and are therefore eligible to be funded with general fund. However, in some instances, the cases are also covered by federal law. In this event, the commission is entitled to a reimbursement from either the Equal Employment Opportunity Commission (EEOC) or the federal Department of Housing and Urban Development (HUD). Case reimbursements are anticipated to increase slightly from \$98,479 in fiscal 1990 to \$102,860 each year of the 1993 biennium.

Federal funds decrease over the biennia due to elimination of a fiscal 1990 fair housing grant totaling \$44,970.



# WORKERS COMPENSATION JUDGE

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	8.00	8.00		8.00	8.00	8.00		8.00
Personal Services	253,383	253,383	13,155	266,538	252,534	252,534	20,783	273,317
Operating Expenses	97,182	97,182	0	97,182	97,509	97,509	0	97,509
Equipment	5,600	5,600	0	5,600	5,600	5,600	0	5,600
Total Costs	\$356,165	\$356,165	\$13,155	\$369,320	\$355,643	\$355,643	\$20,783	\$376,426
Fund Sources								
State Revenue Fund	356,165	356,165	13,155	369,320	355,643	355,643	20,783	376,426
Total Funds	\$356,165	\$356,165	\$13,155	\$369,320	\$355,643	\$355,643	\$20,783	\$376,426

## Program Description

The Workers' Compensation Court provides a forum for Montana's employees and the insurance industry to resolve disputes arising out of work-related injuries and occupational disease. The court is attached to the department for administrative purposes.

## Language

"The budget director shall increase [the Workers Compensation Court budget] by the amount necessary to bring the salary and benefits of the workers compensation judge to the levels authorized by Chapter 656, Laws of 1991, less any increase provided for in the pay plan bill."

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## WORKERS COMPENSATION JUDGE

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### Budget as Approved by the Regular 1991 Legislative Session

As part of the reorganization of DOLI and the Division of Workers Compensation, the Workers Compensation Court was transferred to DOLI from the Department of Administration in fiscal 1990.

Personal services increase 9.7 percent from fiscal 1990 to fiscal 1992 due to vacancy savings in fiscal 1990 and continuation of the fiscal 1991 pay plan increase in the 1993 biennium. No vacancy savings has been applied to this program's budget for the 1993 biennium. The language appropriation to fund the increase in the workers compensation judge's salary is not included in the table above.

Operating expenses increase 19.6 percent from fiscal 1990 to fiscal 1992 primarily because of additional costs associated with the reorganization, which are only partially reflected in fiscal 1990 expenditures, including: 1) \$11,296 for agency indirect costs; 2) \$710 for photocopier rental; 3) \$1,821 for office rent; and 4) \$2,044 for courtroom rental.

The equipment budget includes computer equipment, fax machines, and office equipment.

### Funding

The Workers Compensation Judge program is funded entirely with workers compensation state special revenue funds.

## JOB TRAINING GRANTS

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	.00	.00		.00	.00	.00		.00
Operating Expenses	286,145	286,145	0	286,145	286,145	286,145	0	286,145
Grants	<u>15,804,704</u>	<u>15,804,704</u>	<u>0</u>	<u>15,804,704</u>	<u>16,555,799</u>	<u>16,555,799</u>	<u>0</u>	<u>16,555,799</u>
Total Costs	\$16,090,849	\$16,090,849	\$0	\$16,090,849	\$16,841,944	\$16,841,944	\$0	\$16,841,944
Fund Sources								
Federal Revenue Fund	<u>16,090,849</u>	<u>16,090,849</u>	<u>0</u>	<u>16,090,849</u>	<u>16,841,944</u>	<u>16,841,944</u>	<u>0</u>	<u>16,841,944</u>
Total Funds	<u>\$16,090,849</u>	<u>\$16,090,849</u>	<u>\$0</u>	<u>\$16,090,849</u>	<u>\$16,841,944</u>	<u>\$16,841,944</u>	<u>\$0</u>	<u>\$16,841,944</u>

### Program Description

The Job Training Grants program provides funds for job training for economically disadvantaged individuals and individuals with serious barriers to employment. The federal Job Training Partnership Act (JTPA), which distributes federal funds to state agencies and private, non-profit organizations providing job training programs, is the major activity in this program.

### Language

"Funds appropriated in [Job Training Partnership Act budget modification] to replace federal fund reductions in Job Training Partnership Act (JTPA) programs statewide are one-time only funds and may only be used if and to the extent federal JTPA funds allocated to the state are less than the amount allocated in state fiscal year 1991. Unspent funds revert to the job service reserve fund in the Unemployment Insurance Administrative Tax account."

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## JOB TRAINING GRANTS

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### Legislative Intent

Federal fund reductions in JTPA have been funded with Unemployment Insurance Administrative Tax funds in the 1993 biennium. The Department shall allocate these JTPA funds using the existing allocation formula consistent with each Job Training Partnership Act (JTPA) Title.

### Budget as Approved by the Regular 1991 Legislative Session

This program consists of two functions: 1) Job Training Partnership Act (JTPA); and 2) job training programs funded with Unemployment Insurance Administrative Tax funds.

JTPA funds are granted to various programs around the state to provide employment and training services to persons with barriers to employment. The funds are distributed by two public, non-state, private industry councils (PICs). The appropriation in DOLI is for pass-through to the PIC's for distribution. Job Service Division is expected to receive approximately \$4.5 million each year in grants from the PIC's for JTPA programs. JTPA funds also support the EDWAA/TAA budget modification discussed below.

Unemployment Insurance Administrative Tax funds are granted for other job training programs: 1) \$216,000 per year to Displaced Homemakers; 2) \$286,145 per year to the Project Work Program (PWP); and 3) \$1,267,759 in fiscal 1992 and \$1,732,241 in fiscal 1993 to the department for JTPA, contingent upon a reduction in federal JTPA funds allocated to the state. In fiscal 1990, only Displaced Homemakers and the New Horizons program received UI Admin Tax funds. New Horizons is eliminated in the 1993 biennium because program services have been replaced by the Job Opportunities and Basic Skills (JOBS) program administered by the Department of Social and Rehabilitation Services.

In fiscal 1990, 3.0 FTE were authorized to administer job training programs for AFDC recipients. However, the Department of Social and Rehabilitation Services (SRS) assumed administration of these programs and no FTE were hired or funds expended in DOLI. The FTE are not continued in the 1993 biennium.

Operating expenses consist of matching funds for PWP contracts, which are awarded to the Department by SRS. In fiscal 1990, SRS used a portion of their general fund appropriation as match for Department of Labor PWP contracts.

Grants are awarded to implement the job training programs supported with Unemployment Insurance Administration Tax and to the PIC's for disbursement of JTPA funds.

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## JOB TRAINING GRANTS

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Benefits and claims are payments to JTPA participants for supportive services (such as transportation) to make them more employable. Since the level of payments are not known in advance, JTPA supportive service payments are budgeted as part of the total grant allocation in the 1993 biennium.

### Funding

Federal funds consist of employment & training council grants, labor and industry federal funding, and Unemployment Insurance Administrative Tax.

# DEPARTMENT OF SOCIAL & REHABILITATION SERVICES

<u>Budget Item</u>	HB 2* Regular Fiscal 1992	HB 2* Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2* Regular Fiscal 1993	HB 2* Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	906.90	906.90		906.90	909.15	909.15		909.15
Personal Services	22,628,200	22,578,200	1,686,139	24,264,339	22,664,830	22,564,830	2,695,540	25,260,370
Operating Expenses	21,226,995	19,462,702	0	19,462,702	18,983,844	18,738,844	0	18,738,844
Equipment	399,227	399,227	0	399,227	265,858	265,858	0	265,858
Local Assistance	35,000	35,000	0	35,000	35,000	35,000	0	35,000
Grants	16,000	16,000	0	16,000	16,000	16,000	0	16,000
Benefits and Claims	343,188,985	350,812,430	0	350,812,430	368,951,131	363,145,181	0	363,145,181
Transfers	<u>2,884,914</u>	<u>2,884,914</u>	<u>0</u>	<u>2,884,914</u>	<u>2,902,805</u>	<u>2,902,805</u>	<u>0</u>	<u>2,902,805</u>
Total Costs	\$390,379,321	\$396,188,473	\$1,686,139	\$397,874,612	\$413,819,468	\$407,668,518	\$2,695,540	\$410,364,058
<u>Fund Sources</u>								
General Fund	94,471,634	98,671,650	438,483	99,110,133	102,262,954	100,900,008	714,139	101,614,147
State Revenue Fund	14,296,244	14,161,188	289,982	14,451,170	14,444,050	14,497,079	459,355	14,956,434
Federal Revenue Fund	281,611,441	283,355,633	957,674	284,313,307	297,112,463	292,271,430	1,522,046	293,793,476
Proprietary Fund	<u>2</u>	<u>2</u>	<u>0</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>1</u>
Total Funds	\$390,379,321	\$396,188,473	\$1,686,139	\$397,874,612	\$413,819,468	\$407,668,518	\$2,695,540	\$410,364,058
*Includes House Bill 93								

## Agency Description

The Department of Social and Rehabilitation Services (SRS), provided for in Section 2-15-22, MCA, and Title 53, MCA, is responsible for a broad range of human services including the state's welfare programs, medical assistance and care, and training for persons with disabilities. Department staff provide services to assist blind and partially blind persons become gainfully employed and promote the restoration of handicapped Montanans to their fullest physical, mental, vocational, and social abilities. The department's mission statement is "Working Together To Empower Montanans", and its policies are designed to encourage people to become self-sufficient and to assist those who cannot do so.

## DEPARTMENT OF SOCIAL &amp; REHABILITATION SERVICES

## Special Session Action

		Executive Budget Proposal			Legislative Budget Action		
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Description	Pgm	General Fund	Other Funds	Fiscal 1993	General Fund	Other Funds	Fiscal 1993
<b>House Bill 2</b>							
1 ADC Caseload Increase	01	\$1,236,536	\$3,433,792	\$1,150,899	\$1,236,536	\$3,433,792	\$1,150,899
2 Child Care Rate Increase	01	(33,404)	33,404	(57,550)	(33,404)	33,404	(57,550)
3 Day Care Service Increase	01				100,000	100,000	100,000
4 CA Caseload Increase	01	444,698		437,615	444,698	253,482	437,615
5 Legal Services Contract	01			(550,000)			(550,000)
6 Project Work Program	01	(100,000)		(100,000)	(100,000)		(100,000)
7 Grant Writing	04	(11,250)		(11,250)	(11,250)		(11,250)
8 Operating Costs	05		(17,235)			(17,235)	
9 Durable Medical Equipment	07			(97,238)			(97,238)
10 Hospital Rate Increase	07			(920,613)			(920,613)
11 Managed Care @ 16%	07			(2,044,014)			(2,044,014)
12 Medicare Buy-In	07	(400,000)	400,000	(800,000)	(400,000)	400,000	(800,000)
13 OBRA 1990 Delay	07	(155,300)	(393,657)	(307,900)	(155,300)	(393,657)	(307,900)
14 OB/GYN Services @ 85%	07	(210,000)	(532,312)	(282,380)	(210,000)	(532,312)	(282,380)
15 Personal Care Contract	07	(85,000)		(115,000)	(85,000)		(115,000)
16 State Medical Increase	07	3,939,406		2,390,622	3,939,406		2,390,622
17 County Computer Costs	09			(250,000)			
18 SARDS	09		(1,333,333)			(1,333,333)	
19 ITAMS	09	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)
20 DD Part H Fund Switch	14	(120,000)	120,000		(120,000)	120,000	
21 DD Part H Reduction	14	(200,000)					
22 Other Benefit Reduction	14	(119,150)					
23 Phase IV Start-Up	14		(221,904)	(400,000)		(221,904)	(400,000)
24 Supported Living 30 Slots	14	(86,296)		(86,296)	(86,296)		(86,296)
25 Agency-Wide Operating Costs	NA	(119,374)	16,899	(156,137)	(119,374)	16,899	(156,137)
26 Budget Reduction	NA				(50,000)		(100,000)
27 Rate Increase Delay	NA			(522,471)			
Sub-Totals		3,830,866	1,355,654	(2,135,417)	4,200,016	1,609,136	(1,362,946)
<b>Other</b>							
28 Fund Balance Transfer	05			(500,000)			(500,000)
29 Revenue Increase	05	(217,235)		(27,613)	(217,235)		(27,613)
30 Unreconciled Account	NA	(1,000,000)			(1,000,000)		
Sub-Totals		(1,217,235)		(527,613)	(1,217,235)		(527,613)
Grand Totals		\$2,613,631	\$1,355,654	(\$2,663,030)	\$2,982,781	\$1,609,136	(\$1,890,559)
				(\$5,035,395)			(\$4,788,004)

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## DEPARTMENT OF SOCIAL & REHABILITATION SERVICES

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- 1) AFDC Caseload Increase - The legislature approved the Executive Budget request to fund additional Aid to Families with Dependent Children (AFDC) caseloads which have increased in excess of the level budgeted by the 1991 legislature. (See the graphs in the Summary Section for further information.)
- 2) Child Care Rate Increase - The legislature approved the Executive Budget request to replace all general fund appropriated in a HB 2 "line item" for child care rate increases with federal "child care and development block grant" funds. Language in HB 2, enacted by the 1991 legislature, required that general fund appropriated for rate increases be reduced by the amount of federal funds which may be available for this purpose from the "child care and development block grant". Since the federal block grant funding is available to fund the increase, federal spending authority was increased and general fund appropriations decreased by a like amount.
- 3) Child Care Service Increase - The legislature appropriated \$353,482 (\$100,00 general fund) in fiscal 1992 and \$346,260 (\$100,000 general fund) in fiscal 1993 to fund increased child care services for AFDC recipients participating in education and training activities. This Executive Budget did not request this increase.
- 4) GA Caseload Increase - The legislature approved the Executive Budget request to fund additional General Assistance (GA) caseloads which have increased in excess of the level budgeted by the 1991 legislature. (See the graphs in Summary Section for further information.)
- 5) Legal Services Contract - The legislature approved the Executive Budget proposal to reduce by \$50,000 the fiscal 1993 general fund appropriation for the Montana Legal Services Corporation contract. The agency contracts with this organization to provide legal assistance to GA recipients who may be eligible for the federal supplemental security income program. When GA recipients become eligible for federal financial assistance, GA general fund payments are no longer required.
- 6) Project Work Program - The legislature approved the Executive Budget proposal to reduce general fund for this program from \$388,388 annually to \$288,388. Agency staff believe that the reduced amount will be adequate to provide services to GA recipients. This program was authorized by the 1989 legislature to initiate, promote, and develop job search, training and work activities for GA recipients.
- 7) Grant Writing - The legislature approved the Executive Budget proposal to eliminate all general fund appropriated in a HB 2 "line item" for grant writing activities. Other funds of \$33,750 each year of the biennium remain.
- 8) Operating Costs - The legislature approved the Executive Budget proposal to reduce appropriations from a state special account which funds the Child Support Enforcement program. Because HB 2 requires that any cash balance in excess of \$500,000 remaining in this account at fiscal year end be transferred to the general fund, a reduction in expenditures from this account should result in an equivalent positive effect on the general fund (see narrative for number 29).



## DEPARTMENT OF SOCIAL & REHABILITATION SERVICES

- 9) Durable Medical Equipment - The legislature approved the Executive Budget proposal to reduce the fiscal 1993 general fund Medicaid appropriation for purchases of durable medical equipment, such as wheelchairs and eyeglasses. The agency plans to reduce costs by purchasing through a single source.
- 10) Hospital Rate Increase - The legislature approved the Executive Budget proposal to eliminate all funding in a HB 2 "line item" for increasing Medicaid rates to hospitals in fiscal 1993. The agency proposes to conduct the study of hospital rates funded in HB 2 and request funding to implement the increased hospital rates in the 1995 biennium. According to information submitted by SRS staff, the delay is defensible under Medicaid provisions because hospitals receive a much higher percentage of their charges in Medicaid reimbursement than do other Medicaid providers.
- 11) Medicaid Managed Care - The legislature approved the Executive Budget proposal to reduce funding for Medicaid benefits in fiscal 1993 based on earlier implementation of a managed care system for Medicaid recipients. The 1991 Legislature funded managed care in a HB 2 "line item" and reduced funding of Medicaid benefits by \$2.5 million in fiscal 1993 based on anticipated savings resulting from the implementation of managed care during the last six months of the biennium. The agency now proposes to implement managed care three months earlier, resulting in increased savings. In addition, the initial savings of \$2.5 million was based on total Medicaid expenditures that are much lower than more recent estimates. The agency anticipates additional savings due to the increased expenditure base.
- 12) Medicare Buy-In - The legislature approved the Executive Budget proposal to reduce general fund and increase federal Medicaid funding for the Medicare buy-in program - a program which utilizes Medicaid funding to pay for Medicare Part B premiums for Medicaid-eligible persons who are 65 years of age or older. As funded in HB 2, enacted by the 1991 legislature, Medicare buy-in is 48 percent general fund and 52 percent federal funds. By making certain funding shifts within the program, the agency estimates that the percentage of the program funded with general fund will decrease to 40 percent and 34 percent respectively in fiscal years 1992 and 1993.
- 13) OBRA 1990 Delay - The legislature approved the Executive Budget proposal to reduce by approximately 25 percent the funding available for Medicaid benefits contained in a HB 2 "line item" for implementation of the Omnibus Budget Reconciliation Act of 1990 (OBRA 1990) provisions. The agency plans to reduce the costs of complying with OBRA 1990 provisions by reducing the number of children to whom rehabilitation services would be provided during the 1993 biennium.
- 14) OB/GYN Services @ 85% - The legislature approved the Executive Budget proposal to reduce funding in a HB 2 "line item" for increased Medicaid rates paid to physicians providing obstetrical and gynecological services. The agency proposes to reduce the increase in rates from 90 percent of allowable costs to 85 percent of allowable costs. The increases funded in the same "line item" for pediatric services remains is not affected by this proposal and would remain at 80 percent of allowable costs.

## DEPARTMENT OF SOCIAL & REHABILITATION SERVICES

- 15) Personal Care Contract - The legislature approved the Executive Budget proposal to reduce general fund appropriations for personal care services provided under the state Medicaid program. According to information submitted by SRS staff, the reductions will be achieved through administrative savings in the contracts, rather than reductions in service to the recipient.
- 16) State Medical Increase - The legislature approved the Executive Budget request to appropriate additional funding for state medical benefits, which are currently exceeding the funding provided by the 1991 Legislature. At the request of the agency, the 1991 legislature decreased current level appropriations for the state medical program from \$5.5 million annually to \$2.1 million annually. The agency expected significant savings in this program during the biennium as a result of recent revisions in Medicaid provisions and the passage of SB 269, which limited the types of services provided, specifically defined eligibility criteria, and authorized a system of managed care for state medical recipients. (See the graphs in the Summary Section for further information.)
- 17) County Computer Costs - The legislature did not approve the Executive Budget proposal to require non-assumed (for purposes of welfare) counties to pay their computer costs for processing welfare eligibility data. This proposal would have reduced general fund and increased county funds deposited in a state special account by the same amount.
- 18) SEARCHS - The legislature approved the Executive Budget proposal to reduce state special and federal funding for the System for Enforcement and Recovery of Child Support (SEARCHS), a computer system intended to provide fiscal and statistical data necessary to meet federal reporting requirements, increase data liability, and improve the effectiveness of child support enforcement activities. These savings are possible because the development contract has been implemented at a cost lower than anticipated. Although these reductions are in state and federal special accounts, the general fund should be impacted positively. Of the \$1.33 million reduction, \$200,000 is in an account for which specific language is contained in HB 2. Because HB 2 requires that any cash balance in excess of \$500,000 remaining in this account at fiscal year end be transferred to the general fund, a reduction in expenditures from this account should result in an equivalent positive effect on the general fund (see narrative for number 29).
- 19) TEAMS - The legislature approved the Executive Budget proposal to reduce fiscal 1992 funding for The Economic Assistance Management System (TEAMS), the state's welfare computer system. The agency plans to achieve savings by postponing certain printer and maintenance costs and adjusting lease agreements for personal computers.
- 20) DD Part H Fund Switch - The legislature approved the Executive Budget proposal to decrease general fund and increase federal funds by a like amount for the federally-sponsored Part H program, a program providing early interventions services for infants and children up to 36 months who have special needs.
- 21) DD Part H Reduction - The legislature did not approve the Executive Budget proposal to reduce fiscal 1992 general fund contained in a HB 2 "line item" for Part H expansion. The agency proposed to delay the implementation of certain provisions of the Part H program until fiscal 1993.

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## DEPARTMENT OF SOCIAL & REHABILITATION SERVICES

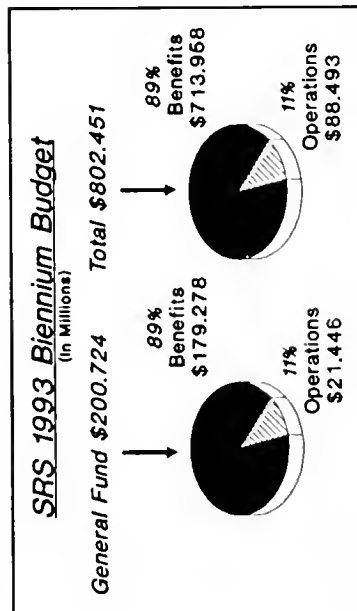
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- 22) Other DD Benefit Reductions - The legislature did not approve the Executive Budget proposal to reduce fiscal 1992 general fund appropriations for Developmental Disabilities (DD) benefits. Based on year-to-date information, the agency anticipated general fund savings of this amount in fiscal 1992.
- 23) Phase IV Start-Up - The legislature approved the Executive Budget proposal to reduce fiscal 1993 general fund contained in a HB 2 "line item" for expansion of community developmental disabilities services. The agency proposes that communities interested in locating a facility within their jurisdiction contribute to the initial start-up costs.
- 24) Supported Living - The legislature approved the Executive Budget proposal to reduce fiscal 1992 funding contained in a HB 2 "line item" for service expansion. The agency proposes to postpone expansion of supported living services until fiscal 1993.
- 25) Agency-Wide Operating Costs - The legislature approved the Executive Budget proposal to reduce funding for operational costs in programs receiving general fund appropriations. Approximately \$17,000 of the fiscal 1992 reduction is a funding switch from general fund to federal funds. A general fund reduction of \$45,000 each year is for costs relating to the processing of state medical claims.
- 26) Budget Reduction - The legislature imposed a general fund budget reduction of \$50,000 in fiscal 1992 and \$100,000 in fiscal 1993. Since the agency is allowed to allocate this reduction among programs, it is reflected in the agency table above but is not reflected in individual program tables or discussed in program narratives. A program entitled "Budget Reduction" at the end of the agency, shows the budget reduction imposed on the agency by the January, 1992 special legislative session.
- 27) Rate Increase Delay - The legislature did not approve the Executive Budget proposal to reduce funding contained in HB 2 "line items" by postponing the fiscal 1993 4.5 percent provider rate increases for developmental disabilities, vocational rehabilitation, and visual services providers until the last 6 months of fiscal 1993.
- 28) Fund Balance Transfer - The legislature approved the Executive Budget proposal to transfer the \$500,000 fiscal 1992 ending cash balance in the child support enforcement account to the general fund. Because the entire cash balance in the account would be transferred to the general fund at fiscal 1992 year end, a general fund loan would be required during the first part of fiscal 1993 to provide adequate cash flow in the account.
- 29) Revenue Increase - The legislature approved the Executive Budget proposals numbers 8 and 18 which reduced appropriations in the state special account which funds the Child Support Enforcement program. House Bill 2 language requires that any cash balance in excess of \$500,000 remaining in this account at year end be transferred to the general fund. If reducing expenditures as proposed by the Executive Budget does not reduce revenues into the account, general fund revenues should increase \$217,235 in fiscal 1992 and \$27,613 in fiscal 1993.

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30) Unreconciled Account - The legislature approved the Executive Budget proposal to transfer the remaining \$1.0 million in the "unreconciled" account to the general fund. An April, 1990 legislative audit report recommended that the agency "reconcile cash in the federal accounting entity to identify the nonfederal cash." On the basis of agency estimates that approximately \$2.5 million of the account's cash balance may rightfully belong to the state, the 1991 legislature inserted language in HB 2 requiring that the non-federal funds be transferred to the general fund. The language further states that if any of the transferred funds are later identified as federal funds, the agency may seek a general fund supplemental appropriation to repay the federal government. During fiscal 1991, \$1.5 million was transferred from the account to the general fund to fund several appropriations made by the 1991 legislature. The remaining \$1.0 million will be transferred as soon as final reconciliation is complete.

### Benefits



Most department expenditures are for benefits paid to individuals or to providers on behalf of recipients. The department's 1993 biennium budget (exclusive of transfers), as adjusted by the January, 1992 special legislative is \$802.451 million (\$200.724 million general fund) as depicted in the graph at left. The totals shown in the graph include pay plan appropriations (HB 509) and HB 93 appropriations which partially fund nursing home Medicaid rate re-basing. Eighty nine percent of both the total and general fund budgets is appropriated for benefits, while 11 percent is appropriated for personal services, operations and equipment.

Tables 1 and 2 show total and general fund appropriations for benefits by type as adjusted by the special session. Descriptions of each benefit type are included in program narrative.

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Table 1  
1993 Biennium Total Benefit Appropriations

Benefit Type	Fiscal 1990	Fiscal 1992	FY92 Over(Under) FY90	Fiscal 1993	FY93 Over(Under) FY90	Annual Change FY90-FY93
Financial Assistance	\$54,224,648	\$66,073,084	\$11,848,436	\$67,881,416	\$13,656,768	7.78%
Medical Assistance	183,780,182	248,353,608	64,573,426	254,751,095	70,970,913	11.50%
Vocational Rehabilitation	5,562,258	6,132,412	570,154	6,286,833	724,575	4.17%
Visual Services	671,489	670,062	(1,427)	699,200	27,711	1.36%
Developmental Disabilities	21,273,311	29,515,264	8,241,953	33,458,637	12,185,326	16.29%
Other	<u>131,590</u>	<u>68,000</u>	<u>(63,590)</u>	<u>68,000</u>	<u>(63,590)</u>	<u>-19.75%</u>
Total	\$265,643,478	\$350,812,430	\$85,168,952	\$363,145,181	\$97,501,703	10.98%

Table 2  
1993 Biennium General Fund Benefit Appropriations

Benefit Type	Total Fiscal 1990	Total Fiscal 1992	FY92 Over(Under) FY90	Total Fiscal 1993	FY93 Over(Under) FY90	Annual Change FY90-FY93
Financial Assistance	\$14,207,349	\$16,858,987	\$2,651,638	\$17,306,739	\$3,099,390	6.80%
Medical Assistance	47,583,072	59,227,587	11,644,515	58,905,133	11,322,061	7.37%
Vocational Rehabilitation	728,062	1,029,954	301,892	1,082,424	354,362	14.13%
Visual Services	154,983	167,268	12,285	174,540	19,557	4.04%
Developmental Disabilities	<u>7,692,047</u>	<u>11,326,819</u>	<u>3,634,772</u>	<u>13,198,378</u>	<u>5,506,331</u>	<u>19.72%</u>
Total	\$70,365,513	\$88,610,615	\$18,245,101	\$90,667,214	\$20,301,701	8.82%

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Table 3 shows the 1993 biennium funding sources as adjusted by the special legislative session.

Table 3 1993 Biennium Funding Sources						
Fund Type	Total Fiscal 1990	Total Fiscal 1992	FY92 Over(Under) FY90	Total Fiscal 1993	FY93 Over(Under) FY90	Annual Change FY90-FY93
General Fund	\$78,280,597	\$99,110,133	\$20,829,536	\$101,614,147	\$23,333,550	9.09%
State Revenue Fund	11,749,002	14,451,172	2,702,170	14,956,435	3,207,433	8.38%
Federal Revenue Fund	<u>211,125,482</u>	<u>284,313,307</u>	<u>73,187,825</u>	<u>293,793,476</u>	<u>82,667,994</u>	<u>11.64%</u>
Total	\$301,155,081	\$397,874,612	\$96,719,531	\$410,364,058	\$109,208,977	10.86%

Table 4 shows 1993 biennium general fund appropriations by program as adjusted by the special legislative session.

Table 4 1993 Biennium General Fund Appropriations by Program						
	Total Fiscal 1990	Total Fiscal 1992	FY92 Over(Under) FY90	Total Fiscal 1993	FY93 Over(Under) FY90	Annual Change FY90-FY93
Family Assistance	\$14,951,872	\$17,646,557	\$2,694,685	\$18,064,508	\$3,112,636	6.51%
Eligibility Determination	2,244,713	2,646,406	401,693	2,753,260	508,547	7.04%
Administrative & Support	733,344	713,567	(19,777)	664,626	(68,718)	-3.23%
Assumed Counties Admin.	637,682	606,151	(31,531)	596,195	(41,487)	-2.22%
Medical Services	48,887,272	61,390,127	12,502,855	60,985,672	12,098,400	7.65%
Audit & Program Compliance	598,523	609,506	10,983	621,920	23,397	1.29%
Management, Analysis & Sys	1,123,483	2,161,699	1,038,216	2,581,453	1,457,970	31.96%
Vocational Rehabilitation	848,936	1,197,374	348,438	1,265,196	416,260	14.22%
Visual Services	259,710	294,224	34,514	304,608	44,898	5.46%
Developmental Disabilities	7,995,062	11,894,522	3,899,460	13,876,709	5,881,647	20.18%
Budget Reduction	-0-	(50,000)	(50,000)	(100,000)	(100,000)	
Total G.Fund Appropriation	\$78,280,597	\$99,110,133	\$20,829,536	\$101,614,147	\$23,333,550	9.09%

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## DEPARTMENT OF SOCIAL & REHABILITATION SERVICES

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### Budget as Approved by the Regular 1991 Legislative Session

The legislature approved FTE levels which increase 5.18 FTE in fiscal 1992 and 7.43 FTE in fiscal 1993 above the fiscal 1990 level. Personal service expenditures increase 11.6 percent from fiscal 1990 to fiscal 1992. Major factors contributing to this increase are: 1) the approval of additional FTE; 2) vacancy savings occurring in fiscal 1990 in excess of that budgeted in the 1993 biennium; 3) position upgrades approved during the 1991 biennium; and 4) funding for all 121.0 FTE authorized by the 1989 legislature in the Child Support Enforcement program which began in fiscal 1990 with 51.0 FTE.

Operating expenses increase 61.0 percent from fiscal 1990 to fiscal 1992. Major factors contributing to this increase are: 1) the conversion of several FTE to contracted services; 2) two programs authorized by the 1989 legislature (the Child Support Enforcement program and the program providing specialized communication services to the handicapped) will operate at full capacity during the 1993 biennium; and 3) legislative approval of budget modifications for contracted services, computer services and computer development. Equipment expenditures decrease from the fiscal 1990 level due to one-time equipment purchases in fiscal 1990. (Approximately \$515,000 was spent on equipment purchases for the Child Support Enforcement program and TEAMS project in fiscal 1990.)

Approximately 89 percent of both total and general fund 1993 biennium budgets are appropriated for various benefit programs administered by the department. The remaining 11 percent is appropriated for personal services, operations and equipment. Benefit appropriations increase significantly from the fiscal 1990 level due to: 1) significant increases in the number of persons eligible to receive Medicaid services; 2) increased utilization of Medicaid services; 3) increases in the Aid to Families with Dependent Children (AFDC) average monthly caseload; 4) continuation of welfare payments at 42.0 percent of the federal poverty index (which is estimated to increase approximately 5.0 percent annually; 5) approval of provider rate increases; 6) reductions in client waiting lists; and 7) legislative approval of budget modifications requested by the executive. These increases are only partially offset by decreases in appropriations for the State Medical and General Assistance (GA) benefit programs.

Transfers are federal funds transferred to the Departments of Labor and Industry (DOLI) for job and training related activities and to the Department of Family Services (DFS) for case management of persons with developmental disabilities.

# DEPARTMENT OF SOCIAL & REHABILITATION SERVICES

## Summary of Budget Modifications

	PGM	FTE	General Fund	FY 1992-	Other Funds	FTE	General Fund	FY 1993-	Other Funds
1	Food Stamp Empl & Training	01			\$96,000				\$96,000
2	Day Care Rate Increase	01			118,077				204,806
3	Food Stamp Job Search Support	01					\$43,750		
4	Statewide JOBS Program	01	\$43,750		1,931,001		709,367		1,931,001
5	AFDC/CA Payments @ 42%	01	709,367		1,164,872		1,199,824		2,690,105
6	Grant Writing	04	537,529		33,750				33,750
7	Contracted Employees	05			356,268				352,163
8	HB 993 Cost Increase	05			29,837				30,275
9	Provider Rate Increase	07			8,068				16,258
10	OBRA-1990 Implementation	07	3,181		631,829		6,354		
11	Rate Study/Cost Containment	07	282,998		142,080	3.00	1,169,322		2,470,104
12	Baby Your Baby	07	292,080		268,000		191,300		41,300
13	Nurse Aid Testing	07			86,400				
14	Nursing Home Rate Rebase	07	86,400		2,815,539		86,400		86,400
15	Elderly Waiver Expansion	07	1,110,746		189,827		2,644,514		6,766,569
16	Federal Medical Reimbursement	07	74,888		104,334		100,134		256,216
17	Residential Medical Psychiatric	07			4,490,088				109,288
18	OB/GYN/PED Physicians Rates	07			2,072,241		1,078,433		4,516,295
19	Health Clinics Expansion	07	817,510		46,612		18,265		46,735
20	Ambulance Provider Increase	07	18,388		354,189		138,791		355,127
21	Pregnant Women Case Management	07	139,729		353,566		138,574		354,572
22	Operating Costs SB391	07	62,298		119,299	1.00	86,551		90,752
23	Managed Care Benefit SB391	07			1,510,752		143,566		367,346
24	Case Management SB391	07			67,072				1,524,996
25	TD Project Implementation	07				1.00			70,890
26	TEAMS Operations	09	438,795				485,182		
27	Develop/Implement SEARCHS	09			2,630,035				1,549,752
28	JTPA Administration	10			15,000				15,000
29	4.5% Provider Rate Increase	10	51,952		199,957		104,422		401,908
30	JTPA Additional Training	10			25,000				25,000
31	Program Expansion	10							
32	4.5% Provider Rate Increase	13/14	155,455		350,546		155,455		720,368
33	Program Expansion	14	938,430		245,527		1,930,904		467,431
34	DD System Phase IV Implement	14	95,483		588,430		181,779		
35	DD System Phase I & II	14	725,745		762,564	6.00	813,331		1,517,728
36	DD Part H Expansion	14	391,794		364,627	2.00	389,156		761,753
37	Increased Medicaid Funding	14	477,059		500,000		897,059		244,627
38	Montana Youth Initiative	14			86,000				500,000
39	Chapter I OPI DD Treatment	14			90,000				86,000
40	OBRA-1987	14					296,516		90,000
41	DDPAC Grant Administration	15			9,977				762,470
42	DDPAC Grant Benefits	15			32,500				10,004
TOTALS		10.00	\$7,593,061		\$22,869,864	13.00	\$13,008,949		\$32,354,895



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## DEPARTMENT OF SOCIAL & REHABILITATION SERVICES

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- 1) Food Stamp Employment and Training - Federal incentive funding is available to Montana based on the number of placements made in the Food Stamp Job Search program. The department received \$96,000 in incentive funding during federal fiscal 1990. The legislature appropriated \$192,000 of federal incentive funding during the 1993 biennium.
- 2) Day Care Rate Increase - Effective October 1, 1991, family and group day care providers will receive increases of \$1 per day, while day care centers receive an increase of \$0.50 per day. In fiscal 1993, family day care providers will receive an additional \$0.75 per day, while group care providers receive an additional \$0.25 per day. These increases will raise all provider rates to 75.0 percent of the local market rate. If federal regulation permit the use of funds from the new "child care and development block grant" for these increases, the general fund appropriation must be decreased by the amount of block grant available. The special legislative session replaced all general fund for this modification with federal funds.
- 3) Food Stamp Job Search Support - The Food Stamp Job Search program is a federally mandated employment and training program for food stamp recipients. The program is federally funded except for a \$25 monthly payment by the state to each recipient for supportive services. The legislature appropriated \$87,500 in general fund during the 1993 biennium to provide supportive services to food stamp recipients.
- 4) Statewide JOBS Program - The federal Family Support Act of 1988 requires the state to operate a Job Opportunities and Basic Skills (JOBS) program. The program has been implemented in selected counties during the 1991 biennium. The legislature appropriated \$5,280,736 (\$1,418,734 general fund) to implement the program statewide during the 1993 biennium.
- 5) AFDC/GA Payments At 42 Percent Of Poverty - Additional funds of \$5.59 million (\$1.74 million general fund) were appropriated to maintain AFDC and General Assistance payments at 42 percent of the federal poverty index which is estimated to increase approximately 5 percent per year.
- 6) Grant Writing - The legislature appropriated \$90,000 (\$22,500 general fund) to fund grant writing activities. The special legislative session eliminated all general fund appropriated for these activities.
- 7) Contracted Employees - The legislature appropriated \$753,279 during the 1993 biennium to contract for additional administrative and clerical assistance in this program. The funding consists of \$536,837 in federal funds and \$276,554 from the child support enforcement state revenue account. The special legislative session reduced the state special appropriation modification by \$44,848.
- 8) HB 993 Cost Increase - House Bill 993 requires that a youth's parents or guardians contribute toward the cost of out-of-home care provided by DFS. SRS is required to assist DFS in collecting these contributions. The legislature appropriated \$60,112 of state and federal revenue in HB 2 to SRS for these additional collection activities during the 1993 biennium.

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- 9) Provider Rate Increase - The legislature appropriated \$33,861 (\$9,535 general fund) to increase medicaid waiver group home rates 4.5 percent each year of the 1993 biennium.
- 10) OBRA 1990 - The legislature appropriated \$6,198,940 (\$1.46 million in fiscal 1992 and \$4.74 million in fiscal 1993) to implement provisions of the Omnibus Budget Reconciliation Act of 1990 (OBRA 1990) most of which is in the benefits area. General fund appropriations are \$438,298 in fiscal 1992 and \$1,477,222 in fiscal 1993. Less than \$250,000 per year is budgeted for operations, including 3.0 FTE authorized each year of the biennium. The remainder is for benefits. The special legislative session reduced OBRA-1990 benefits to \$914,827 (\$282,998 general fund) in fiscal 1992 and \$3,639,426 9\$1,169,322 general fund) in fiscal 1993.
- 11) Hospital Rate Study/Cost Containment - The legislature appropriated \$666,760 (\$483,380 general fund) to study the prospective payment system used to reimburse hospitals for inpatient services, increase nursing home audits, and to fund a managed care system for the state medical program. Funding by item is: 1) hospital rate study - \$305,560 (\$152,780 general fund); 2) nursing home audits - \$61,200 (\$30,600 general fund); and 3) state medical managed care - \$300,000 general fund.
- 12) Baby Your Baby - The legislature appropriated \$268,000 for fiscal 1992 to continue this program started by budget amendment in 1991. Funds are 50 percent private donations matched by 50 percent federal funding. The program addresses access of pregnant women to medical care, healthy habits during pregnancy, and other pregnancy-related issues. Media public service announcements and posters and pamphlets are used to reach as many women as possible.
- 13) Nurse Aide Testing - The legislature appropriated \$345,600 (\$172,800 general fund) to contract for the testing of nurse aides. The Omnibus Budget Reconciliation Act of 1987 (OBRA 1987) required that nurse aides receive training and that a test be developed to test nurse aides for competency.
- 14) Nursing Home Rate Rebase - The legislature appropriated \$22,179,736 (\$6.2 million general fund) to increase medicaid reimbursement rates to nursing homes based on more recent cost data. A nursing home reimbursement study, conducted to determine the actual costs incurred by nursing facilities, found that current medicaid reimbursement rates fell short of meeting facility costs. To partially offset the general fund cost of increasing nursing facility reimbursement rates, the legislature enacted House Bill 93 which imposes a \$1.00 per bed day fee in fiscal 1992 and a \$2.00 per bed day fee in fiscal 1993 on all nursing facilities in the state. The fee is imposed only upon beds occupied by residents for whom third-party payors are responsible for reimbursing the facility, i.e., medicaid and/or medicare. The fee is not imposed on beds occupied by residents who reimburse the facility for their own care or whose cost of care is reimbursed by a friend or relative. Table 5 shows the current level nursing appropriation in House Bill 2, the rate re-basing appropriations contained in both House Bills 2 and 93, and the net increase to nursing facilities after they pay the fee. The appropriations for re-basing in House Bill 2 fund nursing rate increases beginning October 1, 1991.

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Table 5  
1993 Biennium Private Nursing Facility Medicaid Appropriations\*

Appropriation Type	G. Fund FY92	Total FY92	G. Fund FY93	Total FY93	G. Fund Biennium	Total Biennium
H.B. 2 Current Level	\$16,962,016	\$59,957,640	\$17,185,059	\$61,156,793	\$34,147,075	\$121,114,433
H.B. 2 Re-Basing	1,110,746	3,926,285	2,644,514	9,411,083	3,755,260	13,337,368
H.B. 93 Re-Basing	<u>1,239,048</u>	<u>4,379,809</u>	<u>1,253,979</u>	<u>4,462,559</u>	<u>2,493,027</u>	<u>8,842,368</u>
Total Appropriations	<u>19,311,810</u>	<u>68,263,734</u>	<u>21,083,552</u>	<u>75,030,435</u>	<u>40,395,362</u>	<u>143,294,169</u>
Total Increase Over Base	2,349,794	8,306,094	3,898,493	13,873,642	6,248,287	22,179,736
Less Nursing Bed Fees Paid		<u>(1,525,002)</u>		<u>(3,050,004)</u>		<u>(4,575,006)</u>
Net Appropriation Over Current Level		\$ 6,781,092		\$10,823,638		17,604,730
Net % Increase Over Current Level		11.31%		5.95%		

\* Does not include revenues or appropriations for state-operated nursing facilities.

Total appropriations in House Bills 2 and 93 for nursing facility rate re-basing are \$8.31 million in fiscal 1992 and \$13.87 million in fiscal 1993. The actual net increase to private nursing facilities after they have paid the new bed fee is \$6.78 million and \$10.82 million respectively. The actual net percentage increase (increase to facilities less fees paid by facilities) is 11.31 percent and 5.95 percent respectively. Federal regulations do not permit states to actually reimburse nursing facilities for the fee itself (i.e., it is not an "allowable" cost under the federal Medicaid program). However, in this instance, the fee is collected, deposited in the general fund, and partially offsets the cost of increasing nursing facility rates to bring reimbursement more in line with actual "allowable" costs incurred by the facilities for providing services to Medicaid recipients. The general fund cost of re-basing private nursing facility rates during the 1993 biennium is \$6.25 million, while the revenue from the fee imposed on private facilities is estimated at \$4.58 million during the biennium. The bed fee will offset approximately 73.2 percent of the general fund cost of increasing private nursing facility rates during the biennium.

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Three state-operated nursing facilities (Galen, Center for the Aged and the Montana Veteran's Home) will also be subject to the bed fee. The legislature appropriated \$237,546 general fund to these facilities during the biennium to fund the fee and appropriated \$213,622 in federal medicaid funding to the department to increase medicaid reimbursement to these facilities. Because both appropriations will be deposited in the state general fund, (one as bed fee revenues, the other as institutional reimbursement) the general fund will actually gain the amount of the federal medicaid reimbursement (\$213,622).

15) Elderly Waiver Expansion - The legislature appropriated \$621,065 (\$175,022 general fund) to expand home and community-based waiver services for elderly and disabled persons as an alternative to placement in nursing facilities. According to department staff, there are approximately 100 elderly and disabled persons waiting for waiver services. This appropriation will provide funds for 38 persons in fiscal 1992 and an additional 12 persons in fiscal 1993.

16) Federal Medicaid Reimbursement - The legislature appropriated \$213,622 in federal medicaid funds to increase medicaid reimbursement to state institutions to compensate for the nursing home bed fee imposed upon these facilities by HB 93.

17) Residential Psychiatric Treatment - The legislature appropriated \$9,006,383 in federal spending authority to provide medicaid reimbursement for residential psychiatric treatment. House Bill 304, enacted by the 1989 legislature, authorized medicaid reimbursement for psychiatric treatment in residential facilities as a pilot program during the 1991 biennium. House Bill 977, enacted by the 1991 legislature, includes this service in the state medicaid plan. This funding provides federal medicaid match to continue medicaid reimbursement during the 1993 biennium. General fund match of \$3.5 million is appropriated to the Department of Family Services (DFS) in the 1993 biennium.

18) Obstetric/Pediatric Rate Increases - The legislature appropriated \$8,474,813 (\$2,388,323 general fund) to increase medicaid reimbursement rates to physicians beginning October 1, 1991, for providing obstetrical and pediatric services to medicaid recipients. Federal regulations specifically require states to document that these services are available to medicaid recipients at least to the extent that the services are available to the general population in a geographic area. The special legislative session reduced funding for this budget modification to \$2,889,751 in fiscal 1992 and \$3,837,839 in fiscal 1993.

19) Health Clinic Expansion - The legislature appropriated \$130,000 (\$36,653 general fund) to provide reimbursement to all community and migrant health clinics currently funded under the Public Health Act. According to department staff, states have, in the past, been able to limit covered services in these facilities but now must reimburse for all services provided by these facilities.

20) Ambulance Provider Rate Increase - The legislature appropriated \$987,836 (\$278,520 general fund) to increase medicaid reimbursement rates for ambulance service. According to department staff, ambulance medicaid reimbursement rates have been frozen since 1982, except for the annual 2.0 percent increases approved for the 1991 biennium. Department staff estimate that ambulance providers are currently reimbursed approximately 50 percent of their cost of providing basic life support services and only 10 percent of costs for advanced life support and air ambulance services.

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- 21) Pregnant Women Case Management - The legislature appropriated \$986,196 (\$278,058 general fund) to implement case management services targeted towards pregnant women who meet high risk criteria indicating they may not deliver a full-term infant. Case management services were authorized as a component of the state's medicaid plan by Senate Bill 391. The goal of case management is to assist the client with obtaining necessary services to deliver a normal birthweight baby and thereby decrease the long-term cost to medicaid of caring for low birthweight babies.
- 22) Medicaid Managed Care SB 391 - The legislature appropriated \$869,812 (\$292,415 general fund) to implement a managed-care system for medicaid recipients as authorized by Senate Bill 391. This system would manage the receipt of medical services for recipients to ensure that their medical needs are met efficiently and cost-effectively. Federal approval of the managed-care system is expected by fiscal 1993. Based on anticipated cost savings once the system is implemented, the legislature reduced the fiscal 1993 medicaid primary care appropriation by \$2.5 million, \$702,500 of which is general fund. The special legislative session reduced the fiscal 1993 primary care medicaid appropriation by an additional \$7.2 million (\$2.0 million general fund) because the agency plans to implement managed care earlier in fiscal 1993.
- 24) Mentally Ill Case Management SB 391 - The legislature appropriated \$3,035,748 in federal medicaid funding during the 1993 biennium to fund case management services for persons with mental illness. Case management services were authorized by Senate Bill 391. These federal funds will be matched by general fund appropriated to the Department of Institutions.
- 25) TDD Project Implementation - The legislature appropriated \$137,962 in state special revenue and authorized 1.0 FTE during the 1993 biennium for the Telecommunication Devices for the Deaf (TDD) program. House Bill 614, enacted by the 1989 legislature and funded by a monthly charge against telephone access lines, established a program to provide specialized telecommunications equipment and services to handicapped persons.
- 26) TEAMS Operations - The legislature appropriated an additional \$923,977 in general fund for operations of the department's computerized welfare system during the 1993 biennium. In total, \$8.1 million (\$3.7 million general fund) was appropriated for TEAMS operations during the 1993 biennium.
- 27) Develop/Implement SEARCHS - The legislature appropriated an additional \$5.5 million to develop and implement a computer system for the Child Support Enforcement program. The system will provide fiscal and statistical data necessary to meet federal reporting requirements, increase data reliability, and improve the effectiveness of child support enforcement activities. The funds are 90 percent federal and 10 from revenues generated by child support enforcement activities. The special legislative session reduced the appropriation for this modification by \$1.3 million in fiscal 1992.
- 28) Additional JTPA Funding - Funds received under the federal Job Training Partnership Act (JTPA) are used in this program to provide job training to persons with disabilities. The legislature appropriated \$80,000 in additional federal spending authority to utilize additional monies made available by the federal government.

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- 29) Provider Rate Increases - The legislature appropriated \$758,239 (\$156,374 general fund) to increase vocational rehabilitation service provider rates 4.5 percent each year of the 1993 biennium.
- 31) Program Expansion - Additional general fund of \$310,910 was appropriated during the 1993 biennium to provide extended employment services to 30 of the estimated 60 persons now waiting for these services. Employment will be provided in sheltered workshops or supported employment settings. Persons receiving these services are head-injured, physically disabled, mentally ill or learning disabled and are not eligible for DD services because their disability is not developmental.
- 32) Provider Rate Increases - The legislature appropriated \$3.9 million (\$2.9 million general fund) to increase DD and visual service provider rates 4.5 percent each year of the 1993 biennium.
- 33) Program Expansion - The legislature added \$1.3 million (\$0.36 million general fund) to fund services for persons currently waiting for services. The number of additional persons receiving services as a result of this expansion are 30 for specialized family care, 25 for supported work, and 25 for supported living. The special legislative session reduced the fiscal 1992 appropriation by \$221,904 (\$86,296 general fund).
- 34) DD System Phase IV - The legislature appropriated \$4,025,234 (\$1,939,076 general fund) and authorized 3.0 FTE in fiscal 1992 and 6.0 FTE in fiscal 1993 to provide community based DD services to 60 adults, 30 of whom will be residents transferred from MDC. Federal funding is available through the Medicaid Home and Community-Based Waiver. The special legislative session reduced the fiscal 1993 general fund appropriation by \$400,000.
- 35) DD System Phase I and II - The legislature appropriated \$2,305,267 (\$780,950 general fund) and authorized 2.0 FTE during the 1993 biennium to provide community based services to 24 Montana Developmental Center (MDC) residents. Services provided include intensive group homes, day services, and transportation. Federal funding is available through the Medicaid Home and Community-Based Waiver.
- 36) DD Part H Expansion - The legislature appropriated \$1,983,372 (\$1,494,118 general fund) to expand the early intervention program for infants and children up to 36 months of age who have special needs. Approximately 1.5 percent of Montana children under 36 months experience a developmental delay and would be eligible to receive services under this program. The special legislative session reduced the fiscal 1992 general fund appropriation by \$120,000 and increased federal funding by a like amount.
- 37) Increased Medicaid Funding - The legislature appropriated \$1.0 million additional federal spending authority for medicaid funds during the 1993 biennium should client eligibility changes occur or if the Medicaid Home and Community-Based Waiver program expands.
- 38) Montana Youth Initiative - The legislature appropriated \$172,000 additional federal spending authority for medicaid funds to provide services to four youths who began receiving services under the Montana Youth Initiative (MYI) in 1990. The MYI is a cooperative

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agreement between state agencies intended to provide the most appropriate treatment for difficult-to-place youth in need of services. The state match will be provided by the DFS.

39) Chapter I Federal Funding - The legislature appropriated \$180,000 in additional federal spending authority for federal funds granted by the Office of Public Service to provide services to preschool children with developmental disabilities. Services provided include speech or physical therapy and educational training and equipment.

40) OBRA 1987 DD Treatment - The legislature appropriated \$1,058,986 (\$296,516 general fund) in fiscal 1993 to provide community-based services to nursing home residents with developmental disabilities. The Omnibus Budget Reconciliation Act (OBRA) of 1987 requires that states evaluate the needs of persons with developmental disabilities residing in nursing homes. These residents may either move to community-based DD services or remain in the nursing home and receive active treatment provided by the state. This appropriation provides funding only for nursing residents who choose to leave nursing facilities and receive community-based services. The provision of active DD treatment in nursing homes will be delayed until fiscal 1994 (see "Legislative Intent" section in Developmental Disabilities Program).

41/42 DDPAC Federal Grant Increase - The legislature appropriated additional federal spending authority of \$84,981 during the 1993 biennium to permit expenditures of the total grant amount available from the federal government. Federal grant funds received by DDPAC are split 35 percent operations and 65 percent benefits.

The 1991 legislature appropriated \$3,276,203 (\$920,613 general fund) to increase medical aid hospital reimbursement rates beginning October 1, 1992. The special legislative session eliminated all funding for this budget modification.

### Funding

The department is funded by a mix of general fund, state revenue (county funds and collections from child support enforcement activities which are changed from proprietary to state revenue in the 1993 biennium), and federal funds, which comprise nearly 72.0 percent of the department's funding in fiscal 1993. Federal funding for major benefit programs is 71.71 percent in fiscal 1992 and estimated at 71.9 percent in fiscal 1993.

### Other Legislation

The table below lists legislation other than House Bill 2 which appropriate funds to the department. Only House Bill 93 appropriations are shown in the agency and program tables.

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## OTHER LEGISLATION

Bill No./Description	Fiscal 1992		Fiscal 1993	
	FTE	General Fund	FTE	General Fund
HB 10 - Oil Overcharge*		\$ 625,000		\$ 625,000
HB 93 - Nursing Facility Bed Fee		4,379,809		4,462,559
HB 978 - Personal Care Facilities				213,523
Total	0.00	\$1,239,048	0.00	\$1,313,979
		\$5,004,809		\$5,301,082

\* Unexpended FY 92 appropriation may be carried into FY 93.

HB 10 - Oil Overcharge - This bill appropriates \$1.25 million of oil overcharge funds for two purposes: 1) \$1.15 million for low-income home weatherization; and 2) \$100,000 for low-income energy assistance. The appropriation for weatherization will augment the appropriation contained in HB 2 for weatherization, while the appropriation for energy assistance will be matched with private contributions to energy share for providing assistance to persons who do not qualify for the federal low-income energy assistance program but whose income is less than 150 percent of the federal poverty threshold.

HB 93 - Nursing Facility Bed Fee - This bill appropriates \$4.38 million (\$1.24 million general fund) in fiscal 1992 and \$4.46 million (\$1.25 million general fund) in fiscal 1993 to increase medicaid reimbursement rates for private nursing facilities. This legislation also imposes a \$1.00 per bed day fee in fiscal 1992 and a \$2.00 per bed day fee in fiscal 1993 on all nursing facilities in the state. The fee is imposed only upon beds occupied by residents for whom third-party payors are responsible for reimbursing the facility. The fee is not imposed on beds occupied by residents who reimburse the facility for their own care or whose cost of care is reimbursed by a friend or relative. The fee is deposited in the state general fund and is intended to partially offset the general fund cost of re-basing nursing facility medicaid reimbursement rates during the 1993 biennium. The fee is estimated to raise \$4.58 million from private nursing facilities during the biennium, while the total state general fund cost of re-basing (including the re-basing appropriation in HB 2) private nursing facility rates during the biennium is \$6.25 million. (More detail is provided on this legislation and nursing facility rate re-basing in Budget Modification narrative above.)

HB 978 - Personal Care Facilities - This legislation requires the department to seek a waiver from the federal government to establish a pilot program for testing the feasibility of providing medicaid reimbursement for services to the elderly and disabled in personal-



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care facilities. The intent of the legislation as stated in Section 1 is to "minimize inappropriate medicaid admissions of the elderly and disabled to nursing care facilities" and to "provide the most efficient and effective use of public funds in the delivery of medicaid services to the elderly and disabled". This bill appropriates \$213,523 (\$60,000 general fund) in fiscal 1993, contingent upon approval of the waiver from the federal government.

Other legislation for which implementation appropriations are contained in HB 2, or which impact the department's budget are listed below:

HB 545, introduced at the request of the department, requires medicaid reimbursement for federally qualified health center services and includes hospice care as an optional medicaid service in the Montana medicaid plan. The bill also authorizes the department to pay a medicaid-eligible person's expenses for premiums, coinsurance, and similar costs for health insurance or other available health coverage as permitted under federal law. The legislature approved an Executive budget modification of \$130,000 in HB 2 to fund medicaid reimbursement for federally-qualified health center services. Hospice services will be funded from the medicaid primary care appropriation during the 1993 biennium.

HB 876 requires ambulatory prenatal care for pregnant women during a presumptive eligibility period as a mandatory service under the Montana medicaid plan. Presumptive eligibility will be determined by certain medicaid providers using abbreviated eligibility criteria until such time as the recipient is granted or denied full medicaid eligibility. The only services provided under this special eligibility criteria are ambulatory prenatal care. (Inpatient hospital services are not reimbursed under presumptive eligibility.) This bill also makes targeted case management services for high-risk pregnant women a mandatory medicaid service. Additional costs which may result from service provided under presumptive eligibility are unknown at this time. The legislature approved an Executive budget modification of \$986,196 in HB 2 to fund these case management services during the 1993 biennium.

HB 977 authorizes inpatient residential treatment as an optional service in the Montana medicaid program. HB 304, enacted by the 1989 legislature authorized medicaid reimbursement for this service during the 1991 biennium as a pilot program. This bill continues authorization for this service and provides a specific definition of the services which these facilities must provide to be eligible for medicaid reimbursement. The legislature appropriated \$9.01 million of federal medicaid funds to SRS and \$3.5 million of general fund medicaid match to DFS to fund this service during the 1993 biennium. HB 2 permits DFS to use a portion of the state medicaid match to establish less intensive, less costly alternatives to inpatient residential and hospital psychiatric treatment. At least \$1.3 million of the \$3.5 million appropriated to DFS must be reserved as state match for medicaid reimbursement for residential psychiatric services.

HB 993 requires that a youth's parents or guardians contribute toward the cost of out-of-home care provided by DFS. SRS is required to assist DFS in collecting these contributions. The legislature appropriated \$60,112 of state and federal revenue in HB 2 to SRS for these additional collection activities during the 1993 biennium.

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SB 269, introduced at the request of the department, makes major revisions in the State Medical program operated by the state in the 12 counties for which the state has assumed welfare responsibilities. Services provided by this program under current law are the same as those provided under the medicaid program. This bill limits the types of services which will be provided under this program and specifically defines the types of persons to whom services will be provided. The bill also authorizes a system of managed care for recipients of state medical services. The legislature approved an Executive budget modification of \$300,000 in HB 2 to fund managed care. At the request of the Executive, the legislature reduced the HB 2 appropriation for state medical benefits by \$1.53 million during the 1993 biennium to reflect anticipated savings resulting from the implementation of managed care for state medical recipients.

SB 306 removes the restriction imposed by the 1989 legislature that a specific appropriation must be made before medicaid reimbursement may be provided for licensed professional counselors. The 1989 legislature authorized medicaid reimbursement for services provided by licensed professional counselors but required that a specific appropriation be made before the service could be reimbursed. Because the 1989 legislature did not specifically appropriate funding for this purpose, medicaid reimbursement has not been available for this service during the 1991 biennium. The bill's fiscal note states that funding this service during the 1993 biennium will cost \$320,902 (\$89,805 general fund). Although there was no specific appropriation made to fund this additional service in the 1993 biennium, the legislature inserted language in House Bill 2 which states that the department is not prohibited from implementing medicaid reimbursement for this service during the biennium. The additional costs for this service will be paid from the medicaid primary care appropriation.

SB 391, introduced at the request of the department, authorizes managed care and case management services for medicaid recipients. The legislature appropriated \$869,812 and authorized 1 FTE in HB 2 to fund managed care for medicaid recipients during the 1993 biennium and reduced the medicaid primary care benefit appropriation by \$2.5 million in fiscal 1993 to reflect anticipated savings resulting from implementation of managed care. (Because a federal waiver is required before this provision can be implemented, savings are not expected until the last year of the 1993 biennium.) The legislature appropriated \$3.04 million in federal medicaid funds (to be matched by state general fund in the Department of Institutions) for case management services to the mentally ill. Also appropriated in HB 2 was \$3.8 million in federal medicaid funds (to be matched by state general fund in DFS) for case management services to persons with developmental disabilities.

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<u>Budget Item</u>	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	37.25	37.25		37.25	37.25	37.25		37.25
Personal Services	1,137,724	1,137,724	74,317	1,212,041	1,137,915	1,137,915	120,657	1,258,572
Operating Expenses	2,040,287	2,040,287	0	2,040,287	2,039,812	1,975,661	0	1,975,661
Equipment	72,195	72,195	0	72,195	72,195	72,195	0	72,195
Benefits and Claims	60,704,576	66,073,084	0	66,073,084	62,814,835	67,881,416	0	67,881,416
Transfers	<u>777,897</u>	<u>777,897</u>	<u>0</u>	<u>777,897</u>	<u>777,897</u>	<u>777,897</u>	<u>0</u>	<u>777,897</u>
Total Costs	\$64,732,679	\$70,101,187	\$74,317	\$70,175,504	\$66,842,654	\$71,845,084	\$120,657	\$71,965,741
<u>Fund Sources</u>								
General Fund	15,988,247	17,619,178	27,379	17,646,557	16,553,041	18,019,854	44,654	18,064,508
State Revenue Fund	753,506	835,685	0	835,685	788,471	869,113	0	869,113
Federal Revenue Fund	<u>47,990,926</u>	<u>51,646,324</u>	<u>46,938</u>	<u>51,693,262</u>	<u>49,501,142</u>	<u>52,956,117</u>	<u>76,003</u>	<u>53,032,120</u>
Total Funds	\$64,732,679	\$70,101,187	\$74,317	\$70,175,504	\$66,842,654	\$71,845,084	\$120,657	\$71,965,741

### Program Description

The Family Assistance Program is responsible for the coordination and management of Montana's public assistance programs. Program staff develop policy, coordinate with federal agencies, and provide administrative supervision of grant and benefit programs, including Aid to Families with Dependent Children (AFDC), General Assistance (GA), food stamps, and weatherization and Low-Income Energy Assistance Block Grants (LIEAP). The Family Assistance Program is statutorily authorized in Title 53, Chapter 2; Title 53, Chapter 3; Title 53, Chapter 4, Part 2; and Sections 53-4-101, and 53-6-133, MCA.

### Special Session Action

The special legislative session made several adjustments to this program's budget: 1) general fund appropriations were reduced by \$107,853 during the biennium and federal funds increased a like amount; 2) general fund appropriated for a legal services contract was

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reduced from \$100,000 to \$50,000 in fiscal 1993; 3) general fund appropriations for the project work program were reduced by \$100,000 each year of the biennium; and 4) appropriations for AFDC and GA payments were increased significantly in both years of the biennium due to caseload increases in excess of those budgeted by the 1991 legislative session.

Tables 6 and 7 show the total and general fund benefit appropriations in this program as adjusted by the special legislative session.

Table 6  
1993 Biennium Total Benefit Expenditures

Benefit Type	Fiscal 1990	Fiscal 1992	FY92 Over(Under) FY90	Fiscal 1993	FY93 Over(Under) FY90	Annual Change FY90-FY93
AFDC	\$38,218,044	\$45,621,691	\$7,403,647	\$47,234,383	\$9,016,339	7.32%
LIEAP	7,949,382	7,388,100	(561,282)	7,388,100	(561,282)	-2.41%
General Assistance	2,973,159	2,936,317	(36,842)	3,052,450	79,291	0.88%
Weatherization	1,758,205	2,387,738	629,533	2,387,738	629,533	10.74%
General Assistance Work	307,064	651,776	344,712	651,776	344,712	28.52%
Community Services Grants	1,079,235	1,473,836	394,601	1,473,836	394,601	10.95%
Homeless Grants	102,409	81,000	(21,409)	81,000	(21,409)	-7.52%
Emergency Shelter	59,022	170,000	110,978	170,000	110,978	42.28%
AFDC Day Care	1,287,323	2,554,888	1,267,565	2,634,395	1,347,072	26.96%
General Assistance Burials	145,285	123,620	(21,665)	123,620	(21,665)	-5.24%
JOBS/Food Stamps Job Search		2,684,118	2,684,118	2,684,118	2,684,118	NA
Other*	345,520		(345,520)		(345,520)	NA
Total Benefits	\$54,224,648	\$66,073,084	\$11,848,436	\$67,881,416	\$13,656,768	7.78%

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Table 7  
1993 Biennium General Fund Benefit Appropriations

<u>Benefit Type</u>	<u>Fiscal 1990</u>	<u>Fiscal 1992</u>	<u>FY92 Over (Under) FY90</u>	<u>Fiscal 1993</u>	<u>FY93 Over (Under) FY90</u>	<u>Annual Change FY90-FY93</u>
AFDC	\$10,330,310	\$12,068,171	\$1,737,862	\$12,403,749	\$2,073,440	6.29%
General Assistance	2,973,159	2,936,317	(36,842)	3,052,450	79,291	0.88%
General Assistance Work	271,632	288,388	16,756	288,388	16,756	2.02%
AFDC Day Care	365,434	689,374	323,940	685,415	319,981	23.32%
General Assistance Burials	145,285	123,620	(21,665)	123,620	(21,665)	-5.24%
JOBS/Food Stamps Job Search		753,117	753,117	753,117	753,117	NA
Other*	121,531		(121,531)		(121,531)	NA
Total	\$14,207,349	\$16,858,987	\$2,651,638	\$17,306,739	\$3,099,390	6.80%

\* Moved to operations in the 1993 biennium to more accurately record purpose of expenditure.

Table 8 shows the special legislative session adjustments to the calculations used by the 1991 legislative session to fund AFDC and GA caseloads.

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Table 8  
AFDC/General Assistance Benefit Calculations

	AFDC		GA	
	Fiscal 1992	Fiscal 1993	Fiscal 1992	Fiscal 1993
<b>REGULAR SESSION ACTION:</b>				
Average monthly base caseloads	9,850	9,850	834	834
AFDC JOBS caseloads adjustment	(293)	(293)		
Adjusted average monthly caseloads	9,557	9,557	834	834
Average monthly base payment	\$342.00	\$342.00	\$233.78	\$233.78
AFDC TEAMS payment adjustment	(\$1.92)	(\$3.35)		
Adjusted monthly payments	340.08	338.65		
42% of federal poverty index	357.08	373.65	\$245.63	\$257.94
<b>REGULAR SESSION ACTION:</b>				
Adjusted Monthly Caseloads	10,582	10,582	1,000	1,000
Average Monthly Payments	\$359.27	\$371.97	\$241.94	\$251.62
Total AFDC/GA benefits	\$45,621,691	\$47,234,383	\$2,936,317*	\$3,052,450*

\* Includes \$33,000 for non-resident general assistance.

Graphs in the Summary section show historical AFDC and GA caseloads, caseloads budgeted by the 1991 legislature, and caseloads budgeted by the special legislative session.

Table 9 shows the funding sources for this program as adjusted by the special legislative session.

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Table 9  
1993 Biennium Funding Sources

<u>Fund Type</u>	<u>Total Fiscal 1990</u>	<u>Total Fiscal 1992</u>	<u>FY92 Over (Under) FY90</u>	<u>Total Fiscal 1993</u>	<u>FY93 Over (Under) FY90</u>	<u>Annual Change FY90-FY93</u>
General Fund	\$14,951,872	\$17,646,557	\$2,694,685	\$18,064,508	\$3,112,636	6.51%
State Revenue Fund	702,303	835,685	133,382	869,113	166,810	7.36%
Federal Revenue Fund	<u>42,549,349</u>	<u>51,693,262</u>	<u>9,143,913</u>	<u>53,032,120</u>	<u>10,482,771</u>	<u>7.62%</u>
Total Funds	\$58,203,524	\$70,175,504	\$11,971,980	\$71,965,741	\$13,762,217	7.33%

### Language

"The department is authorized to retain 7.5 percent of the federal Community Services Block Grant and pass through the remaining 92.5 percent to the Human Resource Development Councils (HRDC). If, during fiscal 1992 or fiscal 1993, the Block Grant falls below the federal fiscal year 1990 grant level, the department shall retain only 5.0 percent and pass through the remaining 95.0 percent to the HRDC's."

"[Day-Care Rate Increase] is funding for rate increases to day care providers. Beginning October 1, 1991, the department shall increase day care provider rates up to 75 percent of the "local market rate". (the maximum allowed under federal regulations.) If federal regulations permit the use of funds from the new "Child Care and Development Block Grant" for these increases, the department shall decrease the general fund appropriations by the amount of block grant funds available."

"[AFDC/General Assistance at 42% of Federal Poverty Index] is additional funding to set AFDC and general assistance payment levels at 42% of the federal poverty index."

"The department may, beginning October 1, 1991, pay AFDC recipients a transition-to-work allowance. The allowance may be used for travel and relocation expenses of the recipient and family to another county or state. AFDC recipients are eligible to receive this

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## FAMILY ASSISTANCE

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allowance under rules adopted by the department. The rules may establish limitations on the amount to be paid and require that the recipient have verification of employment, an employment interview, or acceptance into an approved educational or training program. Expenses for a transition-to-work allowance may be paid from the appropriation for AFDC benefits."

"The department is authorized to use federal funds appropriated for the job opportunities and basic skills (JOBS) program to match general fund money available within the department and unemployment insurance administrative tax funds appropriated to the department of labor and industry for funding the Job Training Partnership Act (JTPA)."

### Legislative Intent

Beginning July 1, 1991, the department may require at least one parent in an AFDC-unemployed parent household to participate in the community work experience program, other work experience, or on-the-job training programs (JOBS). Post-secondary level educational activities may not be substituted for work requirements. A parent under age 25 who has not completed high school or an equivalent course of education may be required to participate in secondary level education activities in lieu of one or more program requirements. Any alternative work or training programs must be approved by the department and funds may be transferred from AFDC benefits to cover job and training related expenditures of AFDC unemployed parent recipients in the JOBS program.

The department may pay general assistance recipients a transition-to-work allowance as provided in Section 53-3-325, MCA, from monies appropriated for general assistance payments.

### Budget as Approved by the Regular 1991 Legislative Session

The legislature approved the FTE levels requested by the executive which decrease 2 positions from the fiscal 1990 level due to: 1) 1.0 FTE eliminated as a result of agency reorganization; and 2) 1.0 FTE eliminated as the TEAMS project moves from the developmental to operational stage. Personal service expenditures increase 15.4 percent from fiscal 1990 to fiscal 1992 primarily due to: 1) vacancy savings occurring in fiscal 1990 in excess of that budgeted in the 1993 biennium; and 2) employee pay increases granted in fiscal 1991 which are continued in the 1993 biennium.

Operating expenses increase 18.3 percent from fiscal 1990 to fiscal 1992. However, approximately \$264,000 recorded as benefits in fiscal 1990 is moved to operations in the 1993 biennium to more accurately reflect the purpose of the expenditures. When adjusted for this accounting change, operating expenses in the 1993 biennium increase approximately \$51,000 per year above the fiscal 1990 level. Equipment was approved as requested by the executive and decreases approximately \$19,000 per year below the fiscal 1990 expenditure level.



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Most expenditures in this program are for benefits. A brief description of each benefit funded by the legislature is listed below.

AFDC\Day Care - The Aid to Families with Dependent Children program (AFDC) is a federal program (funded with both federal and state funds) designed to meet the basic financial needs of low income families who have dependent children. AFDC eligibility automatically entitles the family to medicaid benefits. Day care assistance is provided to AFDC recipients who participate in approved employment related activities. Federal financial participation in these programs is 71.71 percent in fiscal 1992 and 71.9 percent in fiscal 1993.

LIEAP - The Low Income Energy Assistance program (LIEAP) is a federally funded program designed to assist persons earning less than 125.0 percent of the federal poverty level with payment of utility bills. The department estimates that 22,000 households will be assisted each year. In addition to the amounts shown in the benefit table, House Bill 10 appropriates \$100,000 of oil overcharge funds to the department for assisting persons who are not eligible for this program but whose income is less than 150.0 percent of the federal poverty index.

General Assistance\Burials - The General Assistance program (GA) is operated by the state in the 12 counties for which the state has assumed welfare responsibilities. State general fund monies are used to provide financial assistance to eligible persons residing in the 12 counties and to pay for burials of deceased eligible persons in the assumed counties.

Weatherization - This federally funded program is designed to help low income persons reduce their home heating costs, while conserving natural resources. In addition to the amounts shown in the benefit table, House Bill 10 appropriates \$1.15 million of oil overcharge funds to the department for use in the weatherization program.

General Assistance Work - This program was authorized by the 1989 legislature in Senate Bill 128 to initiate, promote, and develop job search, training and work activities for GA recipients. Participation is mandatory for all nonexempt GA recipients in state-assumed welfare counties.

Community Services Block Grant - This federally funded program is designed to alleviate the causes of poverty in local communities. The state's Human Resource Development Councils (HRDC's) develop and implement antipoverty strategies.

Homeless Grants\Emergency Shelter - These federally funded programs are designed to prevent homelessness and to assist individuals in obtaining needed services. The programs are locally designed and operated by HRDC's.

JOBS\Food Stamp Job Search - The federal Family Support Act of 1988 requires the state to operate a Job Opportunities and Basic Skills (JOBS) program. The program has been implemented in selected counties during the 1991 biennium. The Food Stamp Job Search program is a federally mandated employment and training program for food stamp recipients. The program is federally funded except for a \$25 monthly payment by the state to each recipient for supportive services.

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Total benefits appropriations increase in fiscal 1992 and fiscal 1993 above the fiscal 1990 level due to: 1) increased AFDC and day care caseloads; 2) increased payment levels for AFDC and General Assistance recipients; 3) day care rate increases; 5) and legislative approval of an executive budget modification to implement the JOBS program statewide. AFDC day care costs increase over fiscal 1990 due to increased AFDC caseloads and full state-wide implementation of the JOBS program. The general assistance job search, training, and work program (Senate Bill 128 passed by the 1989 legislature) increase reflects full implementation of the act's provisions during the 1993 biennium. (The major provisions of the act were not effective until January 1990). Benefits funded solely with federal funds are, for the most part, continued at the fiscal 1991 appropriated level, except for the Community Service Block Grants which increase significantly.

The average monthly GA caseload funded for the 1993 biennium is significantly below the level set for the 1991 biennium by the 1989 legislature. Caseloads funded for the 1991 biennium were 1,860 and 1,912 for fiscal years 1990 and 1991 respectively. The department reverted \$1.75 million of the GA benefit appropriation in fiscal 1990. Approximately \$3.00 million would have been reverted in fiscal 1991, except the 1991 legislature permitted the department to apply the unexpended amount of the GA appropriation against supplemental appropriations requested for other programs in House Bill 3. The significant reduction in GA caseloads is largely due to legislation enacted by the 1989 legislature.

Transfers (funds transferred to the state Department of Labor and Industry for job search and training assistance on behalf of welfare recipients) decrease slightly from the fiscal 1990 level due to one-time transfers made in 1990 which will not occur during the 1993 biennium.

### Funding

This program is funded by a mix of general fund, state revenue (county funds), and federal funds. General assistance benefits and burials are funded with 100 percent general fund, while the federal government participates in AFDC benefits and day care at 71.71 percent in fiscal 1992 and 71.9 percent in fiscal 1993.

## ELIGIBILITY DETERMINATION PROGRAM

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	403.40	403.40		403.40	403.40	403.40		403.40
Personal Services	9,248,656	9,248,656		9,971,349	9,238,723	9,238,723	1,142,946	10,381,669
Operating Expenses	<u>175,987</u>	<u>175,987</u>	<u>722,693</u>	<u>175,987</u>	<u>175,985</u>	<u>175,985</u>	<u>0</u>	<u>175,985</u>
Total Costs	\$9,424,643	\$9,424,643	\$722,693	\$10,147,336	\$9,414,708	\$9,414,708	\$1,142,946	\$10,557,654
<u>Fund Sources</u>								
General Fund	2,463,835	2,463,835	182,571	2,646,406	2,461,200	2,461,200	292,060	2,753,260
State Revenue Fund	2,436,980	2,436,980	185,892	2,622,872	2,434,448	2,434,448	293,580	2,728,028
Federal Revenue Fund	<u>4,523,828</u>	<u>4,523,828</u>	<u>354,230</u>	<u>4,878,058</u>	<u>4,519,060</u>	<u>4,519,060</u>	<u>557,306</u>	<u>5,076,366</u>
Total Funds	\$9,424,643	\$9,424,643	\$722,693	\$10,147,336	\$9,414,708	\$9,414,708	\$1,142,946	\$10,557,654

### Program Description

The Eligibility Determination program is responsible for determining initial and on-going recipient eligibility for benefit programs, including AFDC, medical, food stamps, energy assistance, and state and county financial and medical assistance. The program includes funding for county welfare eligibility and clerical staff and for county welfare directors' salaries and travel.

### Budget as Approved by the Regular 1991 Legislative Session

The legislature approved the FTE levels requested by the Executive which decrease 3.5 FTE from the fiscal 1990 level. These positions are eliminated as the TEAMS project moves from the developmental to operational stage. Personal service expenditures increase 6.3 percent from fiscal 1990 to fiscal 1992 primarily due to: 1) vacancy savings occurring in fiscal 1990 in excess of that budgeted during the 1993 biennium; and 2) employee pay increases granted in fiscal 1991 that continue in the 1993 biennium.

Operating expenses increase 4.0 percent from fiscal 1990 to fiscal 1992 (or approximately \$6,800 per year above the fiscal 1990 level) due to inflationary adjustments.

There were no changes made in this program by the special legislative session.

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## ELIGIBILITY DETERMINATION PROGRAM

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### Funding

This program is funded by a combination of general fund, state revenue (reimbursement from non-assumed counties), and federal funds (a mixture of food stamps, welfare, and medicaid funding). Charges are assessed against each funding source based on the Random Moment Time Study conducted by the agency. The legislature appropriated the funding mix submitted by the agency.

## ADMINISTRATION AND SUPPORT SERVICES

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	50.50	50.50		50.50	50.50	50.50		50.50
Personal Services	1,384,176	1,384,176	94,945	1,479,121	1,383,068	1,383,068	152,364	1,535,432
Operating Expenses	1,221,767	1,208,723	0	1,208,723	1,079,275	1,067,632	0	1,067,632
Equipment	30,464	30,464	0	30,464	30,464	30,464	0	30,464
Total Costs	\$2,636,407	\$2,623,363	\$94,945	\$2,718,308	\$2,492,807	\$2,481,164	\$152,364	\$2,633,528
<u>Fund Sources</u>								
General Fund	696,736	683,692	29,875	713,567	628,125	616,482	48,144	664,626
State Revenue Fund	324,771	324,771	11,135	335,906	319,871	319,871	17,863	337,734
Federal Revenue Fund	1,614,899	1,614,899	53,935	1,668,834	1,544,810	1,544,810	86,357	1,631,167
Proprietary Fund	1	1	0	1	1	1	0	1
Total Funds	\$2,636,407	\$2,623,363	\$94,945	\$2,718,308	\$2,492,807	\$2,481,164	\$152,364	\$2,633,528

### Program Description

The Administration and Support Service program, comprised of the Director's Office and the Support Services Division, is responsible for providing the agency's overall direction for policy development, budgeting, and for coordinating the various human services programs. The administrative organization of the department is established in Sections 2-15-112, 2-15-2201, and 53-2-201, MCA.

### Language

"Chapter 707, Laws of 1991 required the department to transfer [to the general fund] all money in the federal special revenue account (number 03143) associated with the former department of community affairs grant closeouts reported in the April 1990 Legislative audit report. If a subsequent reconciliation of this account concludes that any of the funds transferred from the account to the general fund belong to the federal government, the department may request a general fund supplemental appropriation to repay the federal funds."

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## ADMINISTRATION AND SUPPORT SERVICES

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### Budget as Approved by the Regular 1991 Legislative Session

The legislature approved the FTE levels requested by the Executive which decrease 2.5 positions from the fiscal 1990 level due to agency reorganization. Personal service expenditures increase less than 1 percent from fiscal 1990 to fiscal 1992. Personal services savings resulting from reduced FTE levels are offset by: 1) vacancy savings occurring in fiscal 1990 in excess of that budgeted during the 1993 biennium; and 2) employee pay increases granted in fiscal 1991 and continued in the 1993 biennium.

Operating expenses increase 26.7 percent from fiscal 1990 to fiscal 1992. Major factors contributing to this increase are: 1) inflationary increases of approximately \$35,000; 2) inclusion in this program of all insurance and bond costs which were paid in various other programs in fiscal 1990 (an increase of approximately \$68,000); 3) a biennial appropriation in fiscal 1992 for legislative audit costs during the 1993 biennium (an increase of approximately \$103,000); 4) a \$16,000 increase in statewide indirect costs; and 5) an additional \$45,000 each year of the biennium for contracted grant-writing services. These increases are offset slightly by the elimination of one-time contracted service expenditures in fiscal 1990. Operating costs decrease from fiscal 1992 to fiscal 1993 because of the biennial legislative audit appropriation in fiscal 1992. The legislature approved the Executive equipment request.

The only adjustments made in this program by the special legislative session were the elimination of \$22,500 general fund in a "line item" appropriation for grant writing activities during the biennium and a biennial reduction of \$2,187 in general fund operational costs.

### Funding

This program is funded by a combination of general fund, state revenue (reimbursement from non-assumed counties and child support enforcement funds), and federal funds (a mixture of food stamps, welfare, vocational rehabilitation, and LIFEAP funding). Child support enforcement funds recorded in a proprietary account in fiscal 1990 are appropriated in a state special revenue account during the 1993 biennium. An indirect cost allocation plan approved by the federal government is used to determine appropriate funding percentages. The legislature appropriated the funding mix submitted by the agency.

## CHILD SUPPORT ENFORCEMENT

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	116.00	116.00		116.00	116.00	116.00		116.00
Personal Services	2,674,491	2,674,491	224,779	2,899,270	2,670,188	2,670,188	358,486	3,028,674
Operating Expenses	1,311,311	1,294,076	0	1,294,076	1,355,163	1,327,550	0	1,327,550
Equipment	51,765	51,765	0	51,765	6,329	6,329	0	6,329
Local Assistance	35,000	35,000	0	35,000	35,000	35,000	0	35,000
Total Costs	\$4,072,567	\$4,055,332	\$224,779	\$4,280,111	\$4,066,680	\$4,039,067	\$358,486	\$4,397,553
Fund Sources								
State Revenue Fund	1,362,908	1,345,673	75,796	1,421,469	1,354,494	1,326,881	120,236	1,447,117
Federal Revenue Fund	2,709,659	2,709,659	148,983	2,858,642	2,712,186	2,712,186	238,250	2,950,436
Total Funds	\$4,072,567	\$4,055,332	\$224,779	\$4,280,111	\$4,066,680	\$4,039,067	\$358,486	\$4,397,553

## Program Description

The Child Support Enforcement Program is responsible for establishing, enforcing, and collecting financial support ~~over~~ by absent parents. Program staff locate absent parents, identify assets, establish paternity, and ensure that absent parents maintain medical health insurance coverage for their dependent children. Activities carried out by program staff are authorized in Title 40, Chapter 5, Part 2, MCA.

## Language

"The state share of the AFDC-related support collections and all AFDC and non-AFDC federal incentive payments must be deposited in a state special revenue account from which the state's share of the administrative and operational costs of the child support enforcement program must be paid. The legislature intends that, during the 1993 biennium, the department collect \$1.25 for each \$1.00 expended for administrative and operational costs from the account. Expenditures made from the account for state Medicaid match or development of the SEARCHS computer project are not considered administrative or operational expenditures for purposes of this requirement. The

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## CHILD SUPPORT ENFORCEMENT

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department shall transfer to the general fund from the child support enforcement account all cash balance remaining at the end of fiscal 1992. Any cash balance in the account in excess of \$500,000 at the end of fiscal 1993 must be deposited in the general fund."

### Budget as Approved by the Regular 1991 Legislative Session

The 1989 legislature transferred this program with 51.0 FTE from the Department of Revenue in fiscal 1990 and authorized the department to hire an additional 55.0 FTE in fiscal 1990 (106.0 FTE total) and 15.0 more FTE in fiscal 1991 (121.0 FTE total). As part of an agency reorganization during the 1991 biennium, 5.0 of the authorized 121.0 FTE were transferred to other programs to perform support activities. The 1991 legislature approved the continuation of all FTE authorized by the 1989 legislature. Personal service expenditures increase 68.3 percent from fiscal 1990 to fiscal 1992. Major factors contributing to this increase are: 1) the funding of 15.0 additional FTE above the 1990 level; 2) the program began operating in fiscal 1990 with only 51.0 FTE transferred from the Department of Revenue; and 3) position upgrades approved during the 1991 biennium.

Operating expenses increase 100.0 percent from fiscal 1990 to fiscal 1992 reflecting operations of the program at full capacity during the 1993 biennium and legislative approval of an Executive budget modification to contract for additional administrative and clerical assistance. Equipment was approved as requested by the Executive. Local assistance appropriations are federal funds contracted to local county attorneys for child support enforcement activities.

The only adjustment made in this program by the special legislative session was a biennial reduction of \$44,848 in the appropriation from the child support enforcement account.

### Funding

This program is funded by a combination of federal funds and collections from child support enforcement activities which were recorded in a proprietary account in fiscal 1990 but are appropriated in a state special revenue account during the 1993 biennium. Federal funds support approximately 66.0 percent of this program.



## STATE ASSUMED COUNTY ADMINISTRATION

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	.00	.00		.00	.00	.00		.00
Operating Expenses	1,090,710	1,090,710	0	1,090,710	1,091,372	1,080,928	0	1,080,928
Equipment	<u>16,019</u>	<u>16,019</u>	<u>0</u>	<u>16,019</u>	<u>16,019</u>	<u>16,019</u>	<u>0</u>	<u>16,019</u>
Total Costs	\$1,106,729	\$1,106,729	\$0	\$1,106,729	\$1,107,391	\$1,096,947	\$0	\$1,096,947
<u>Fund Sources</u>								
General Fund	606,151	606,151	0	606,151	606,639	596,195	0	596,195
Federal Revenue Fund	<u>500,578</u>	<u>500,578</u>	<u>0</u>	<u>500,578</u>	<u>500,752</u>	<u>500,752</u>	<u>0</u>	<u>500,752</u>
Total Funds	\$1,106,729	\$1,106,729	\$0	\$1,106,729	\$1,107,391	\$1,096,947	\$0	\$1,096,947

Program Description

The State Assumed County Administration Program funds the majority of operating and equipment costs associated with the administration of welfare programs in the 12 counties in which the state has assumed responsibility for county welfare programs. Personal services, benefits, and the remaining operational costs are provided for within other department programs.

Budget as Approved by the Regular 1991 Legislative Session

Operating expenses increase 2.8 percent from fiscal 1990 to fiscal 1992 (or approximately \$30,000 per year) primarily due to inflation and increased building rent in the 12 assumed counties. The Executive equipment request was approved. The only adjustment made to this program by the special legislative session was a general fund reduction of \$10,444 in fiscal 1993.

Funding

This program is funded by a combination of general fund and federal funds (a mixture of food stamps, welfare, and medicaid administrative funding). The legislature appropriated the funding mix submitted by the agency.

## MEDICAL SERVICES

Budget Item	HB 2* Regular Fiscal 1992	HB 2* Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2* Regular Fiscal 1993	HB 2* Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	44.50	44.50		44.50	44.50	44.50		44.50
Personal Services	1,355,127	1,355,127	91,533	1,446,660	1,353,145	1,353,145	149,065	1,502,210
Operating Expenses	4,054,220	3,982,441	0	3,982,441	3,560,207	3,476,104	0	3,476,104
Equipment	19,198	19,198	0	19,198	3,198	3,198	0	3,198
Benefits and Claims	245,790,471	248,353,608	0	248,353,608	265,223,626	254,751,095	0	254,751,095
Transfers	<u>1,908,791</u>	<u>1,908,791</u>	<u>0</u>	<u>1,908,791</u>	<u>1,926,674</u>	<u>1,926,674</u>	<u>0</u>	<u>1,926,674</u>
Total Costs	\$253,127,807	\$255,619,165	\$91,533	\$255,710,698	\$272,066,850	\$261,510,216	\$149,065	\$261,659,281
Fund Sources								
General Fund	58,331,270	61,348,597	41,530	61,390,127	63,178,400	60,917,774	67,898	60,985,672
State Revenue Fund	7,724,929	7,724,929	0	7,724,929	7,975,494	7,975,494	0	7,975,494
Federal Revenue Fund	<u>187,071,608</u>	<u>186,545,639</u>	<u>50,003</u>	<u>186,595,642</u>	<u>200,912,956</u>	<u>192,616,948</u>	<u>81,167</u>	<u>192,698,115</u>
Total Funds	\$253,127,807	\$255,619,165	\$91,533	\$255,710,698	\$272,066,850	\$261,510,216	\$149,065	\$261,659,281
* Includes House Bill 93								

### Program Description

The Medical Assistance program is responsible for administering the Medicaid and State Medical programs. The Medicaid program, administered under federal regulations, serves persons who qualify for financial assistance under federal programs. The State Medical program, administered under state regulations in 12 counties, serves persons who are ineligible for Medicaid benefits, but who do not have adequate financial resources to pay their medical bills. Statutory authority for the program is provided in Title 53, Chapter 6, MCA.

## MEDICAL SERVICES

### Special Session Action

The special legislative session made several budget adjustments in this program. Operations were reduced by: 1) \$90,000 biennial reduction in general fund for state medical claims processing; and 2) a \$65,882 biennial reduction in general fund appropriated for operations.

General fund biennial reductions in benefits were: 1) a \$463,200 reduction achieved by delaying some provisions of OBRA 1990; 2) a \$97,238 reduction in purchases of durable medical equipment; 3) a \$200,000 reduction in the administrative portion of personal care contracts; 4) a \$920,613 reduction achieved by eliminating the scheduled hospital Medicaid rate increase in fiscal 1993; 5) a \$492,380 reduction achieved by reducing the rate increase provided to physicians providing obstetrical services; 6) a \$2,044,014 reduction in Medicaid primary care which the agency hopes to achieve by implementing managed care earlier than anticipated by the 1991 legislature; and 7) a \$1.2 million reduction in general fund and a like increase in federal funds, reflecting a changing funding mix in the Medicare buy-in program.

The special legislative session approved the Executive Budget request to increase the general fund appropriation for state medical benefits by \$6,330,028 during the biennium. The savings in state medical benefits anticipated by the 1991 legislature when the 1993 biennium budget was established has not materialized.

Tables 10 and 11 show total and general fund 1993 biennium appropriations for benefits in this program as adjusted by the special legislative session.

Table 10  
1993 Biennium Benefit Appropriations

Benefit Type	Fiscal 1990	Fiscal 1992	FY92		FY93		Annual Change FY90-FY93
			Over	(Under)	Over	(Under)	
			FY90	FY90	FY90	FY90	
Medicaid Primary Care	\$103,905,881	\$148,564,062	\$44,658,181		\$45,620,989		12.90%
Medicaid Nursing Care	53,955,000	68,263,734	14,308,734		21,075,435		11.62%
Medicare Buy-In	4,337,485	5,178,800	841,315		1,359,515		9.51%
Medicaid Waiver	4,720,793	5,248,422	527,629		630,627		4.27%
Institutional Reimbursement	10,103,908	11,098,590	994,682		541,462		1.76%
Indian Health	1,025,842	4,000,000	2,974,158		2,974,158		57.40%
State Medical	5,642,113	6,000,000	357,887		(1,142,113)		-7.26%
Other*	89,160		(89,160)				
Total Benefits	\$183,780,182	\$248,353,608	\$64,573,426		\$70,970,913		11.50%

# MEDICAL SERVICES

Table 11  
1993 Biennium Benefit General Fund Appropriations

<u>Benefit Type</u>	<u>Fiscal 1990</u>	<u>Fiscal 1992</u>	<u>FY92 Over (Under) FY90</u>	<u>Fiscal 1993</u>	<u>FY93 Over (Under) FY90</u>	<u>Annual Change FY90-FY93</u>
Medicaid Primary Care*	\$23,032,730	\$30,345,176	\$7,312,446	\$29,883,272	\$6,850,542	9.07%
Medicaid Nursing Care	15,263,870	19,311,810	\$4,047,940	21,083,552	5,819,682	11.37%
Medicare Buy-In	2,254,577	2,085,824	(\$168,753)	1,934,560	(320,017)	-4.97%
Medicaid Waiver	1,389,782	1,484,777	\$94,995	1,503,749	113,967	2.66%
State Medical	5,642,113	6,000,000	\$357,887	4,500,000	(1,142,113)	-7.26%
Total Benefits	\$47,583,072	\$59,227,587	\$11,644,515	\$58,905,133	\$11,322,061	7.37%

\* General Fund Match for Inpatient Psychiatric Services Appropriated to DFS

Table 12 shows the special legislative session adjustments made to the calculations used by the 1991 legislature to fund current level primary care Medicaid and state medical benefits.

# MEDICAL SERVICES

Table 12  
Medicaid Primary Care/State Medical Calculations

	Primary Care		State Medical	
	Fiscal 1992	Fiscal 1993	Fiscal 1992	Fiscal 1993
<b>REGULAR SESSION ACTION:</b>				
Base Cost Projections	\$145,574,213	\$152,852,924	\$5,470,000	\$5,470,000
State Medical Expenditures to Medicaid	2,260,649	2,307,892	(2,260,649)	(2,307,892)
Managed Care Contracts Savings		(2,500,000)	(811,733)	(713,342)
New Administrative Procedures			(337,024)	(339,388)
Transfer Psych. Inpatient Match to DFS	(2,499,914)	(2,624,459)		
Psyc. Inpatient Utilization Review	(1,413,927)	(1,423,488)		
Cost Containment	(2,093,880)	(2,093,880)		
Medicaid Refunds	(1,200,000)	(1,200,000)		
Medically Needy Eligibility Restriction	(1,721,516)	(1,715,391)		
TEAMS Savings	(868,212)	(1,463,401)		
<b>SPECIAL SESSION ACTION:</b>				
Personal Care Contracts Savings	(300,460)	(407,657)		
Durable Medical Equipment Savings		(344,693)		
Additional Managed Care Savings		(7,274,071)		
Additional State Medical Funding			3,939,406	2,390,622
Total base appropriations	137,736,953	134,113,776	6,000,000	4,500,000

\* General fund medicaid match remains in state medical.

\*\* State medicaid match for inpatient psychiatric hospital treatment was appropriated to the Department of Family Services.

Graphs in the Summary section show historical state medical benefit expenditures, appropriations made by the 1991 legislature for these benefits, and adjustments made by the special legislative session.

Table 13 shows the 1993 biennium funding for this program as adjusted by the special legislative session.

## MEDICAL SERVICES

Table 13  
1993 Biennium Funding Sources

<u>Fund Type</u>	<u>Fiscal 1990</u>	<u>Fiscal 1992</u>	<u>FY92 Over(Under) FY90</u>	<u>Fiscal 1993</u>	<u>FY93 Over(Under) FY90</u>	<u>Annual Change FY90-FY93</u>
General Fund	\$48,887,272	\$61,390,127	\$12,502,855	\$60,985,672	\$12,098,400	7.65%
State Revenue Fund	6,906,998	7,724,929	817,931	7,975,494	1,068,496	4.91%
Federal Revenue Fund	131,656,196	186,595,642	54,939,446	192,698,115	61,041,919	13.54%
Total Funds	\$187,450,466	\$255,710,698	\$68,260,232	\$261,659,281	\$74,208,815	11.76%

### Language

"The department is authorized to transfer funds among appropriations for medicaid primary care, medicaid nursing care, medicare buy-in, state medical, and the home and community-based waiver program. Except as provided below, funds transferred to the medicaid waiver program may not be used to increase the number of recipients receiving waiver services but must be used solely for covering cost increases above the appropriated level."

"The department may utilize funds appropriated for medicaid nursing care to increase the number of recipients in the home and community-based waiver program during the 1993 biennium under the following conditions:

- (1) During the 1993 biennium, no more than 25 nursing residents who are appropriate for waiver services may be transferred from nursing facilities to the waiver program.
- (2) Per diem waiver costs for residents moved from nursing facilities may not exceed the state-wide average medicaid per diem cost of intermediate nursing care.
- (3) The department shall keep records of each resident transferred under this provision and submit to the 53rd Legislature a report on the number of residents transferred and any cost savings achieved as a result of the transfers."

## MEDICAL SERVICES

"The Legislature intends that expenditures for all Executive budget modifications for provider rate increases approved by the Legislature be limited to dollar amounts appropriated rather than percentage increases on which the original estimates may have been based. The department will be in compliance with this provision if:

- (1) it estimates total costs for each medicaid service category in June, prior to the beginning of each fiscal year of the 1993 biennium; and
- (2) the percentage increases or base adjustments approved by the department are limited to the dollar amount appropriated for each budget modification."

"The department may not expand or reduce the amount, scope, or duration of benefits provided to recipients under the medicaid primary care or nursing care programs during the 1993 biennium unless Title XIX of the federal Social Security Act is amended to require expansion or reduction of benefits as a condition of the state receiving federal financial participation. This provision may not be construed to prohibit the department from implementing coverage provided in 53-6-101(3)(1)."

"The rate increases in [Nursing Home Rate Rebase] and [Increase Ob/Gyn/Ped Physicians' Rates] are funded beginning October 1, 1991.

### Legislative Intent

The department is authorized to eliminate medicaid coverage for AFDC-related "medically needy" caretaker relatives who are not eligible for medicaid coverage under the "categorically needy" program. Caretaker relatives are parents, aunts, uncles, adult sisters or brothers, or grandparents who are responsible for medicaid-eligible dependents but whose income and resources exceed the standards for the "categorically needy".

Funds appropriated to the department for medicaid inpatient psychiatric hospital and residential treatment are federal medicaid matching funds only. All state general fund medicaid match for these services is appropriated to the Department of Family Services.

### Budget as Approved by the Regular 1991 Legislative Session

The legislature approved FTE levels which increase 2.5 FTE above the fiscal 1990 level. This increase is the net result of: 1) 1.5 FTE reduced due to agency reorganization; 2) 3.0 FTE added for Executive budget modifications; and 1.0 FTE added to implement Senate Bill 391 which was introduced at the request of the department. Personal service expenditures increase 33.2 percent from fiscal 1990 to fiscal 1992 due to: 1) vacancy savings occurring in fiscal 1990 in excess of that budgeted in the 1993 biennium; 2) employee pay increases granted in fiscal 1991 are continued in the 1993 biennium; and 3) the addition of 2.5 FTE above the fiscal 1990 level.

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## MEDICAL SERVICES

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Operating expenses increase 57.6 percent from fiscal 1990 to fiscal 1992 primarily due to legislative approval of several Executive budget modifications for contracted services. Equipment was approved as requested by the Executive.

Most of the expenditures in this program are for benefits. A brief description of each benefit funded by the legislature is listed below.

Medicaid Primary Care - This component of the federal medicaid program provides reimbursement to many categories of medicaid providers, including hospitals, physicians, dentists, pharmacists, other licensed practitioners, personal care providers, and community mental health centers.

Medicaid Nursing Care - Medicaid reimbursement is available to nursing homes for providing services to medicaid recipients. There are currently 95 licensed non-state nursing facilities located in 53 counties in Montana. Medicaid pays for approximately 62.0 percent of all nursing home services, private payers pay approximately 31 percent, and medicare and/or other third party sources pay the remainder. For accounting purpose, nursing homes operated by the state, such as the Center for the Aged, Montana Veterans' Home, and Montana State Hospital are not included in this category.

Medicare Buy-in - The Montana medicaid program pays for Medicare Part B premiums for medicaid-eligible persons who are 65 years of age or older. Medicare (federal funds) then pays for 80 percent of their medical expenses, leaving a liability of only 20 percent for medicaid which is partially funded with general fund.

Medicaid Waiver - The Home and Community-Based Services program provides services to medicaid recipients who require long-term care. The recipients make the choice to receive services in their home or in an institutional setting. The program is referred to as the "waiver" program because the federal government grants the state a waiver of certain medicaid regulations so that services provided in the recipient's home may be reimbursed with medicaid funds. To be eligible for waiver services, a person must be elderly or disabled, medicaid eligible, and require the level of care provided by nursing facilities. The waiver program also includes certain persons who, without waiver services would be residing in a hospital.

Institutional Reimbursement - All state-operated facilities eligible to receive medicaid reimbursement are reimbursed under this category. The facilities include state-operated nursing homes and facilities for persons with developmental disabilities. Federal funds only are appropriated to the department, while state general fund appropriated to the institutions for their operations is used as state match.

Indian Health - The Montana medicaid program provides federal reimbursement to the Indian Health Service within the state for medical services provided to eligible persons on the Flathead, Blackfeet, Rocky Boy, Fort Belknap, Crow, Northern Cheyenne, and Fort Peck Indian reservations.



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## MEDICAL SERVICES

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Benefit appropriations increase above the fiscal 1990 level, primarily due to increased numbers of persons obtaining medicaid eligibility, increased utilization of medicaid services, and legislative approval of budget modifications requested by the Executive. Appropriations for medicare buy-in increase 10.0 percent per year during the 1993 biennium, while medicaid waiver benefits are appropriated at the fiscal 1991 appropriated level plus a 4.5 percent annual rate increase for group home providers and the expansion requested by the Executive. Institutional reimbursement (all federal funds) decreases in fiscal 1993 as a result of the Montana Developmental Center down-sizing. The appropriation for Indian health (all federal funds) increases significantly based on recent estimates provided by the federal Department of Health and Human Services.

### Funding

This program is funded with a mix of state general fund, state revenue fund (the 12 mill welfare levy in the assumed counties and child support enforcement revenues), and federal funds.

## AUDIT AND PROGRAM COMPLIANCE DIVISION

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	40.00	40.00		40.00	40.00	40.00		40.00
Personal Services	1,031,604	1,031,604	72,992	1,104,596	1,030,724	1,030,724	116,566	1,147,290
Operating Expenses	162,444	159,444	0	159,444	162,865	151,970	0	151,970
Equipment	3,420	3,420	0	3,420	3,420	3,420	0	3,420
Transfers	198,226	198,226	0	198,226	198,234	198,234	0	198,234
Total Costs	\$1,395,694	\$1,392,694	\$72,992	\$1,465,686	\$1,395,243	\$1,384,348	\$116,566	\$1,500,914
<u>Fund Sources</u>								
General Fund	578,770	575,770	33,736	609,506	578,628	567,733	54,187	621,920
State Revenue Fund	7,445	7,445	478	7,923	7,430	7,430	754	8,184
Federal Revenue Fund	809,479	809,479	38,778	848,257	809,185	809,185	61,625	870,810
Total Funds	\$1,395,694	\$1,392,694	\$72,992	\$1,465,686	\$1,395,243	\$1,384,348	\$116,566	\$1,500,914

### Program Description

The Audit and Program Compliance program is responsible for performing financial audits, quality control reviews, and making financial recoveries for the department. Financial audits are periodically conducted on all programs administered by the department. Quality control reviews are conducted on selected AFDC, food stamp, and medicaid cases to ensure compliance with state and federal laws and regulations. Financial recoveries are made in cases of public assistance overpayments and medicaid third-party liability collections, such as health and liability insurance.

### Budget as Approved by the Regular 1991 Legislative Session

The legislature approved the FTE levels requested by the Executive which decrease 1.0 FTE from the fiscal 1990 level as a result of agency reorganization. Personal service expenditures increase 7.5 percent from fiscal 1990 to fiscal 1992 primarily due to vacancy

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## AUDIT AND PROGRAM COMPLIANCE DIVISION

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occurring in fiscal 1990 in excess of that budgeted in the 1993 biennium and employee pay increases granted in fiscal 1991 and continued in the 1993 biennium.

Operating expenses decrease 2.9 percent from fiscal 1990 to fiscal 1992 due primarily to the elimination of one-time fiscal 1990 expenditures which is partially offset by small inflationary and rent increases. Equipment was approved as requested by the Executive. Expenditures recorded as benefits in fiscal 1990 are appropriated as transfers in the 1993 biennium. (These are federal funds transferred to the Department of Revenue for fraud investigations in welfare and medical programs administered by the department.)

The only adjustment made in this program by the special legislative session was a biennial general fund operational cost reduction of \$13,895.

### Funding

This program is funded with a mix of state general fund, state revenue funds (child support enforcement revenues), and federal funds. The legislature appropriated the funding mix submitted by the agency.

# OFFICE OF MANAGEMENT, ANALYSIS AND SYSTEMS

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	38.25	38.25		38.25	38.00	38.00		38.00
Personal Services	1,079,365	1,079,365	72,566	1,151,931	1,073,451	1,073,451	115,842	1,189,293
Operating Expenses	8,709,481	7,063,591	0	7,063,591	7,069,460	7,050,622	0	7,050,622
Equipment	158,132	158,132	0	158,132	89,591	89,591	0	89,591
Total Costs	\$9,946,978	\$8,301,088	\$72,566	\$8,373,654	\$8,232,502	\$8,213,664	\$115,842	\$8,329,506
Fund Sources								
General Fund	2,298,849	2,136,292	25,407	2,161,699	2,559,728	2,540,890	40,563	2,581,453
State Revenue Fund	997,647	797,647	12,409	810,056	875,876	875,876	20,135	896,011
Federal Revenue Fund	6,650,481	5,367,148	34,750	5,401,898	4,796,898	4,796,898	55,144	4,852,042
Proprietary Fund	1	1	0	1	0	0	0	0
Total Funds	\$9,946,978	\$8,301,088	\$72,566	\$8,373,654	\$8,232,502	\$8,213,664	\$115,842	\$8,329,506

## Program Description

The Management Analysis and Systems program, created during the 1991 biennium, administers the department's budget management process and computer information systems. The program is assigned responsibility for developing and implementing two large computer information systems--The Economic Assistance Management System (TEAMS) and The System for Enforcement And Recovery of Child Support (SEARCHS).

## Special Session Action

The special legislative session made several adjustments to this program's budget: 1) general fund appropriations for operational costs were reduced \$31,395 during the biennium; 2) the fiscal 1992 appropriation for TEAMS operations was reduced \$300,000 (\$150,000 general fund); and 3) the fiscal 1992 appropriation for development and implementation of SEARCHS was reduced \$1,333,333, \$200,000 of which was in a state special account whose fiscal 1992 ending cash balance must be transferred to the general fund.

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## OFFICE OF MANAGEMENT, ANALYSIS AND SYSTEMS

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### Language

"Upon final determination of all general fund money in the department's unreconciled special revenue fund balance (in the approximate total amount of \$2,530,153) and the deposit of these funds in the general fund, \$438,795 in fiscal 1992 and \$485,182 in fiscal 1993 are appropriated to fund the additional general fund costs of the TEAMS project in [TEAMS Operations]. Any funds remaining in the special revenue fund to which the state is entitled must be deposited in the general fund. However, if a subsequent reconciliation concludes that funds transferred from the unreconciled account to the general fund belong to the federal government, the department may request a general fund supplemental appropriation to repay the federal funds."

"It is the intent of the legislature that annualized expenses for operations of SEARCHS not exceed \$1,500,000. This amount includes expenses for any facilities management contracting that may be utilized for system operations, computer processing costs directly associated with operation of the system, and other personal services and nonpersonal services costs directly charged to the management and operation of the system. The department may not proceed with development of SEARCHS until it has demonstrated to the satisfaction of the governor's office of budget and program planning and to the Legislative finance committee that the projected annualized operational costs of the system will not exceed the limit imposed in this statement of intent."

### Budget as Approved by the Regular 1991 Legislative Session

The legislature approved the FTE levels requested by the Executive which decrease 6.25 FTE below the fiscal 1990. One position was eliminated as a result of agency reorganization and the remainder were eliminated as the TEAMS project moves from the developmental to operational stage. Personal service expenditures increase 8.23 percent from fiscal 1990 to fiscal 1992 due to vacancy savings occurring in fiscal 1990 in excess of that budgeted during the 1993 biennium, and employee pay increases granted in fiscal 1991 which are continued in the 1993 biennium.

Operating expenses increase 120.4 percent from fiscal 1990 to fiscal 1992 primarily due to the Executive budget modifications approved by the legislature as shown below. Equipment was approved as requested by the Executive.

### Funding

Funding for this program is a mix of state general fund, state revenue (county reimbursement, telephone access line charges, child support enforcement revenues), and federal funds. The program is funded as requested by the department.

## VOCATIONAL REHABILITATION PROGRAM

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	74.00	74.00		74.00	73.50	73.50		73.50
Personal Services	1,923,053	1,923,053	139,048	2,062,101	1,910,634	1,910,634	220,094	2,130,728
Operating Expenses	456,073	451,150	0	451,150	428,791	425,591	0	425,591
Equipment	11,432	11,432	0	11,432	11,432	11,432	0	11,432
Benefits and Claims	6,132,412	6,132,412	0	6,132,412	6,286,833	6,286,833	0	6,286,833
Total Costs	\$8,522,970	\$8,518,047	\$139,048	\$8,657,095	\$8,637,690	\$8,634,490	\$220,094	\$8,854,584
Fund Sources								
General Fund	1,178,023	1,173,100	24,274	1,197,374	1,229,463	1,226,263	38,933	1,265,196
State Revenue Fund	688,058	688,058	4,272	692,330	687,966	687,966	6,787	694,753
Federal Revenue Fund	6,656,889	6,656,889	110,502	6,767,391	6,720,261	6,720,261	174,374	6,894,635
Total Funds	\$8,522,970	\$8,518,047	\$139,048	\$8,657,095	\$8,637,690	\$8,634,490	\$220,094	\$8,854,584

### Program Description

The Vocational Rehabilitation program is responsible for providing services to persons with physical or mental disabilities of employable age to restore them to gainful employment. Clients served by the program receive counseling and are assisted in developing an individual service plan, which may include counseling, training, job placement, or medical assistance. Clients who are not able to enter competitive employment are provided sheltered employment opportunities, supported employment, and independent living services. The program's statutory authority is in Title 53, Chapter 7, MCA.

### Language

"[Provider Rate Increase] is funding for a 4.5% rate increase each year of the 1993 biennium to providers of vocational rehabilitation services."

"The department is authorized to transfer funds between appropriations for the vocational rehabilitation and visual services programs."

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## VOCATIONAL REHABILITATION PROGRAM

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### Budget as Approved by the Regular 1991 Legislative Session

The legislature approved the FTE levels requested by the Executive, which decrease 1.9 FTE in fiscal 1992 and 2.4 FTE in fiscal 1993 below the fiscal 1990 level. Two FTE are eliminated due to termination of a federally funded pilot program and 0.4 FTE is eliminated and personal services moved to contracted services. Personal service expenditures increase less than 1 percent from fiscal 1990 to fiscal 1992.

Operating expenses decrease 0.5 percent from fiscal 1990 to fiscal 1992 due to the termination of the federal pilot program, which is partially offset by legislative approval of Executive budget modifications. Equipment is funded at the Executive request.

Benefit expenditures increase 10.3 percent from fiscal 1990 to fiscal 1992 primarily due to a 4.5 percent provider rate increase, funding to reduce client waiting lists, and legislative approval of an Executive budget modification which are partially offset by the termination of benefits funded through a federally funded pilot program.

The only adjustment made in this program by the special legislative session was a biennial reduction of \$8,123 in general fund appropriations for operational costs.

### Funding

This program is funded by a mix of state general fund, state revenue fund (industrial accident rehabilitation and workers' compensation regulation funds), and federal funds. During fiscal 1993, federal funds provide 78 percent of the funding for this program.

## DISABILITY DETERMINATION PROGRAM

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	41.00	41.00		41.00	41.00	41.00		41.00
Personal Services	1,033,539	1,033,539		1,109,293	1,032,697	1,032,697	120,103	1,152,800
Operating Expenses	1,539,779	1,539,779	75,754	1,539,779	1,539,652	1,539,652	0	1,539,652
Equipment	14,000	14,000	0	14,000	14,000	14,000	0	14,000
Benefits and Claims	68,000	68,000	0	68,000	68,000	68,000	0	68,000
Total Costs	\$2,655,318	\$2,655,318	\$75,754	\$2,731,072	\$2,654,349	\$2,654,349	\$120,103	\$2,774,452
Fund Sources								
Federal Revenue Fund	2,655,318	2,655,318	75,754	2,731,072	2,654,349	2,654,349	120,103	2,774,452
Total Funds	\$2,655,318	\$2,655,318	\$75,754	\$2,731,072	\$2,654,349	\$2,654,349	\$120,103	\$2,774,452

### Program Description

The Disability Determination program is responsible for determining disability of Montana residents who apply for Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) disability benefits. The SSDI program provides cash benefits to disabled workers (and qualified dependents) who have contributed to the Social Security Trust Fund through taxes on their earnings. The SSI program provides a minimum income level for financially needy persons who are aged, blind or disabled.

### Budget as Approved by the Regular 1991 Legislative Session

The legislature approved the FTE levels requested by the Executive, which decrease 2.13 FTE from fiscal 1990 to fiscal 1992. The eliminated FTE are aggregate medical consultant positions which will no longer be paid from personal services. In response to a federal review, the consultants will be paid from contracted services. This change transfers \$345,500 from personal services to contracted services and is primarily responsible for reducing personal services expenditures by 20.1 percent from fiscal 1990 to fiscal 1992.



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## DISABILITY DETERMINATION PROGRAM

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Operating expenses increase 44.4 percent from fiscal 1990 to fiscal 1992 primarily due to the \$345,500 transferred from personal services to contracted services and the fact that the legislature approved the Executive current level budget which was based on the fiscal 1991 appropriation, rather than fiscal 1990 expenditures.

Benefits (payments for client travel to obtain disability examinations) are continued at the fiscal 1991 appropriated level.

### Funding

This program is 100 percent federally funded.

## VISUAL SERVICES PROGRAM

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	18.75	18.75		18.75	18.75	18.75		18.75
Personal Services	490,509	490,509	35,645	526,154	490,229	490,229	56,900	547,129
Operating Expenses	109,332	107,793	0	107,793	108,584	106,305	0	106,305
Equipment	9,129	9,129	0	9,129	9,129	9,129	0	9,129
Benefits and Claims	670,062	670,062	0	670,062	699,200	699,200	0	699,200
Total Costs	\$1,279,032	\$1,277,493	\$35,645	\$1,313,138	\$1,307,142	\$1,304,863	\$56,900	\$1,361,763
<u>Fund Sources</u>								
General Fund	289,062	287,523	6,701	294,224	296,129	293,850	10,758	304,608
Federal Revenue Fund	989,970	989,970	28,944	1,018,914	1,011,013	1,011,013	46,142	1,057,155
Total Funds	\$1,279,032	\$1,277,493	\$35,645	\$1,313,138	\$1,307,142	\$1,304,863	\$56,900	\$1,361,763

### Program Description

The Visual Services program is responsible for providing rehabilitative services to persons who are blind and visually-impaired. Clients served by the program receive counseling and are assisted in developing an individual service plan, which may include counseling and guidance, job placement, adaptive living techniques, training, and medical assistance. Clients who are not able to enter competitive employment are provided sheltered employment opportunities, independent living, and visual medical services. Statutory authority for the program is in Title 53, Chapter 7, MCA.

### Language

"[Provider Rate Increase] is funding for a 4.5 % rate increase each year of the 1993 biennium to providers of visual services."

"The department is authorized to transfer funds between appropriations for the vocational rehabilitation and visual services Programs."

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## VISUAL SERVICES PROGRAM

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### Budget as Approved by the Regular 1991 Legislative Session

The legislature approved the FTE levels requested by the Executive which decrease 0.05 FTE below the fiscal 1990 level due to the conversion of a partial position from personal services to contracted services. Personal services increase 15.6 percent from fiscal 1990 to fiscal 1992 due to vacancy savings occurring in fiscal 1990 in excess of that budgeted in the 1993 biennium and the fiscal 1991 pay plan increase which continues in the 1993 biennium.

Operating expenses increase 3.6 percent from fiscal 1990 to fiscal 1992 due to small inflationary increases and the conversion of a partial position from personal services to contracted services. Equipment is funded at the Executive request.

Benefit expenditures decrease slightly from fiscal 1990 to fiscal 1992 but increase in fiscal 1993 due to provider-rate increases approved by the legislature.

The only adjustment made in this program by the special legislative session was a biennial reduction of \$3,818 in the general fund appropriations for operational costs.

### Funding

This program is funded by a mix of state general fund and federal revenue. During fiscal 1993, federal funds provide 77 percent of the funding for this program.

## DEVELOPMENTAL DISABILITIES PROGRAM

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	40.25	40.25		40.25	43.25	43.25		43.25
Personal Services	1,202,096	1,202,096		1,277,917	1,276,279	1,276,279	132,838	1,409,117
Operating Expenses	303,791	296,908	75,821	296,908	320,779	308,945	0	308,945
Equipment	13,473	13,473	0	13,473	10,081	10,081	0	10,081
Grants	16,000	16,000	0	16,000	16,000	16,000	0	16,000
Benefits and Claims	29,595,964	29,287,764	0	29,287,764	33,631,137	33,231,137	0	33,231,137
Total Costs	\$31,131,324	\$30,816,241	\$75,821	\$30,892,062	\$35,254,276	\$34,842,442	\$132,838	\$34,975,280
Fund Sources								
General Fund	12,040,691	11,827,512	67,010	11,894,522	14,171,601	13,759,767	116,942	13,876,709
Federal Revenue Fund	19,090,633	18,988,729	8,811	18,997,540	21,082,675	21,082,675	15,896	21,098,571
Total Funds	\$31,131,324	\$30,816,241	\$75,821	\$30,892,062	\$35,254,276	\$34,842,442	\$132,838	\$34,975,280

### Program Description

The Developmental Disabilities program is responsible for providing services to persons who are developmentally disabled. Residential, vocational, child and family care, and other support services are provided through contracts with local non-profit corporations. Among those eligible to receive services are persons with mental retardation, cerebral palsy, epilepsy, autism, or those with neurologically handicapping conditions similar to mental retardation that occur prior to age eighteen. Statutory authority for the program is provided in Title 53, Chapter 20, MCA.

### Special Session Action

The special legislative session made several adjustments to this program's budget: 1) general fund appropriated for operational costs during the biennium was reduced by \$18,717; 2) the fiscal 1992 general fund appropriation for Part H was reduced \$120,000 and federal

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## DEVELOPMENTAL DISABILITIES PROGRAM

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funds increased by a like amount; 3) fiscal 1992 appropriations for program expansion were reduced \$308,200 (\$86,296 general fund); and 4) the fiscal 1993 general fund appropriation to fund start-up costs of community group homes was reduced \$400,000.

### Language

"[Provider Rate Increase] is funding for a 4.5% rate increase each year of the 1993 biennium to providers of developmental disabilities services."

"The department may pursue funding under the federal ICF/MR program for additional intensive service slots funded by the 1991 Legislature if the federal government fails to approve adequate medicaid waiver funding under the home and community-based waiver program."

### Legislative Intent

The department may seek federal approval of an amendment to Montana's Alternative Disposition Plan for services to persons with developmental disabilities who reside in nursing homes. The purpose of the amendment is to delay until fiscal 1994, the "active treatment" requirement for eligible persons residing in nursing homes.

The legislature requests that the department work with the Office of Public Instruction to develop a plan for providing continuity of services for students graduating from special education programs in public schools and moving into services provided to adults with disabilities.

The department may not consider donated or nondepartmental contracted funds obtained by developmental disabilities providers when allocating or contracting state payments for developmental disabilities services.

### Budget as Approved by the 1991 Legislative Session

The legislature approved the FTE levels requested by the Executive which increase 7.0 FTE in fiscal 1992 and 10.0 FTE in fiscal 1993. Changes in FTE levels from fiscal 1990 are: 1) 1.0 FTE eliminated due to agency reorganization; 2) 3.0 FTE approved by the 1989 legislature beginning in fiscal 1991; and 3) 5.0 FTE and 8.0 FTE added in fiscal 1992 and fiscal 1993 respectively due to approval of Executive budget modifications. Personal service costs increase 25.5 percent from fiscal 1990 to fiscal 1992 primarily due to the additional FTE and the continuation of the fiscal 1991 employee pay increases in the 1993 biennium.

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## DEVELOPMENTAL DISABILITIES PROGRAM

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Operating expenses increase 7.0 percent from fiscal 1990 to fiscal 1992 primarily due to legislative approval of budget modifications which contain operational expenditures. Equipment was approved at the Executive request. Grant funds (which were recorded as benefits in fiscal 1990) provide assistance in funding the annual Developmental Disabilities Conference.

Benefits increase 40.4 percent from fiscal 1990 to fiscal 1992 due to: 1) funding for the Specialized Service Support Organization (SSSO) funded by the 1989 legislature beginning in fiscal 1991; 2) legislative approval of Executive budget modifications; 3) legislative approval of 4.5 percent annual increases in provider rates; and 4) program expansions approved by the legislature.

Funds appropriated for benefits in this program are used by the department to contract with private, not-for-profit corporations for services to persons with developmental disabilities. Programs are located throughout Montana and provide a wide variety of residential and vocational opportunities. There are currently approximately 2,550 persons receiving one or more community-based services funded through this program.

The legislature approved the Executive proposal to downsize MDC to approximately 100-110 residents and expand community services for persons with developmental disabilities. The plan is divided into four phases, the first three of which are nearly completed. Phase I and II, implemented by the Executive during the 1991 biennium, will provide services to 24 residents in four community group homes located in Helena, Hamilton, Livingston, and Billings. The 1991 legislature provided a \$1.4 million supplemental appropriation in House Bill 3 to fund Phase I and II during the 1991 biennium. Phase III, the SSSO authorized by the 1989 legislature current level, will provide services to 52 residents in seven group homes in Missoula. Thirty MDC residents will be transferred to these homes, while the remaining 22 spaces will be reserved for persons in the community who are waiting for intensive services.

Phase IV will expand community-based services to accommodate 60 additional persons, 30 of whom will be transferred from MDC. As part of Phase IV, the MDC facility will be renovated and consolidated to enhance treatment capabilities and increase efficiencies. House Bill 963 authorized the sale of bonds for this purpose and appropriated \$8.665 in bond proceeds. In total, the four-phase plan will provide community-based development disabilities services to an additional 136 persons, 84 of whom will be from MDC. In addition to the budget modifications approved in the department, modifications were approved in DFS and MDC's budget was reduced to reflect decreased population.

### Funding

This program is funded with a mix of general fund and federal funds. Federal funds include medicaid, Social Services Block Grant, Low Income Energy Assistance funds (LIEAP), and funds from the Office of Public Instruction.

## DEVELOPMENTAL DISABILITIES ADVISORY COUNCIL

<u>Budget Item</u>	<u>HB 2 Regular Fiscal 1992</u>	<u>HB 2 Special Fiscal 1992</u>	<u>Pay Plan Fiscal 1992</u>	<u>Revised Total Fiscal 1992</u>	<u>HB 2 Regular Fiscal 1993</u>	<u>HB 2 Special Fiscal 1993</u>	<u>Pay Plan Fiscal 1993</u>	<u>Revised Total Fiscal 1993</u>
FTE	3.00	3.00		3.00	3.00	3.00		3.00
Personal Services	67,860	67,860	6,046	73,906	67,777	67,777	9,679	77,456
Operating Expenses	51,813	51,813	0	51,813	51,899	51,899	0	51,899
Benefits and Claims	<u>227,500</u>	<u>227,500</u>	<u>0</u>	<u>227,500</u>	<u>227,500</u>	<u>227,500</u>	<u>0</u>	<u>227,500</u>
Total Costs	\$347,173	\$347,173	\$6,046	\$353,219	\$347,176	\$347,176	\$9,679	\$356,855
<u>Fund Sources</u>								
Federal Revenue Fund	<u>347,173</u>	<u>347,173</u>	<u>6,046</u>	<u>353,219</u>	<u>347,176</u>	<u>347,176</u>	<u>9,679</u>	<u>356,855</u>
Total Funds	<u>\$347,173</u>	<u>\$347,173</u>	<u>\$6,046</u>	<u>\$353,219</u>	<u>\$347,176</u>	<u>\$347,176</u>	<u>\$9,679</u>	<u>\$356,855</u>

### Program Description

The Montana State Developmental Disabilities Planning and Advisory Council (DDPAC), a 100 percent federally funded program, provides advice to the Governor's office, the department, other state agencies, local governments, and private organizations on programs and services for persons with developmental disabilities. Through its grant and contract program, the council provides start-up funds for projects designed to assist persons with disabilities. The council is provided for in Sections 53-20-206 and 2-15-2204, MCA.

### Budget as Approved by the Regular 1991 Legislative Session

The legislature approved the Executive request for this program but reduced personal services by 4 percent. Personal services increase 10.9 percent from fiscal 1990 to fiscal 1992, while operations increase 74.6 percent during the period.

### Funding

This program is funded totally with federal funds.

## BUDGET REDUCTION

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	.00	.00		.00	.00	.00		.00
Personal Services	0	50,000-	0	50,000-	0	100,000-	0	100,000-
Total Costs	\$0	\$50,000-	\$0	\$50,000-	\$0	\$100,000-	\$0	\$100,000-
<u>Fund Sources</u>								
General Fund	0	50,000-	0	50,000-	0	100,000-	0	100,000-
Total Funds	\$0	\$50,000-	\$0	\$50,000-	\$0	\$100,000-	\$0	\$100,000-

During the 1992 special session, the legislature imposed the reduction in the agency's general fund budget shown in the table above. Section 6 of House Bill 2 allows the agency, with the approval of the approving authority as defined in Section 17-7-102, to determine the proportional share of the amount to be applied to each program.



## DEPARTMENT OF FAMILY SERVICES

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	583.60	583.60		583.60	583.60	583.60		583.60
Personal Services	15,750,913	15,536,422	1,082,743	16,619,165	15,743,587	15,520,199	1,747,731	17,267,930
Operating Expenses	4,642,999	4,635,499	0	4,635,499	4,527,679	4,497,679	0	4,497,679
Equipment	96,320	96,320	0	96,320	75,925	75,925	0	75,925
Grants	5,492,622	5,492,622	0	5,492,622	5,402,894	5,402,894	0	5,402,894
Benefits and Claims	22,788,905	24,353,217	0	24,353,217	23,918,522	23,695,180	0	23,695,180
Total Costs	\$48,771,759	\$50,114,080	\$1,082,743	\$51,196,823	\$49,668,607	\$49,191,877	\$1,747,731	\$50,939,608
Fund Sources								
General Fund	29,364,538	30,335,231	877,419	31,212,650	29,852,783	28,975,394	1,417,047	30,392,441
State Revenue Fund	2,945,116	2,945,116	65,274	3,010,390	2,958,917	2,958,917	86,818	3,045,735
Federal Revenue Fund	16,462,105	16,833,733	140,050	16,973,783	16,856,907	17,257,566	243,866	17,501,432
Total Funds	\$48,771,759	\$50,114,080	\$1,082,743	\$51,196,823	\$49,668,607	\$49,191,877	\$1,747,731	\$50,939,608

## Agency Description

The Department of Family Services (DFS) provides: 1) protective services for children, youth, and adults who are abused and neglected; 2) community based services designed to enhance the self-sufficiency and independence of the elderly and developmentally disabled; 3) care and education in the two state youth correctional institutions; and 4) aftercare services for youth coming out of these institutional placements. The department, authorized in Section 2-15-2401, MCA, and defined in Title 52, MCA, has four programs: 1) Management Support; 2) Community Services, including Aftercare and Youth Evaluation; 3) Mountain View; and 4) Pine Hills.

## DEPARTMENT OF FAMILY SERVICES

## Special Session Action

		Executive Budget Proposal		Legislative Budget Action			
		=====		=====		=====	
Description	Pgm	Fiscal 1992		Fiscal 1993		Fiscal 1993	
		General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
House Bill 2							
1 Personal Services 3% VS	01	(\$93,878)		(\$98,229)		(\$49,115)	
2 Training Funds	01	(7,500)		(30,000)		(30,000)	
3 Big Bros. & Sisters 8% Red.	02	(13,860)		(14,553)			
4 Cap Alcohol & Drug Treatment	02	(12,100)		(13,300)			
5 Corrections Div. Operating	02	(20,000)		(20,000)			
6 Day Care Rate Increase	02	(38,708)		(58,083)		(58,083)	
7 Delay Foster Care Rate Inc.	02			(194,772)	(70,585)		
8 Domestic Violence 8% Red.	02	(10,800)		(10,800)			
9 Foster Care Increase	02	2,202,939				2,202,939	
10 IV-B Revenue Increase	02	(75,697)		(75,697)		(75,697)	75,697
11 Misc. Federal Recovery	02	(295,931)		(324,962)		(295,931)	295,931
12 Parental Assets Rule	02	(233,693)		(928,493)			
13 Personal Services 2% VS	02	(335,104)		(348,545)		(167,552)	
14 Resid. Treatment Continuum	02	(599,919)		(165,259)		(599,919)	
15 Personal Services 3% VS	03	(54,684)		(56,422)			
16 Personal Services 2% VS	04	(65,424)		(67,812)			
Sub-Totals		345,641	371,628	(2,406,927)	330,074	970,693	371,628
Other Appropriation Bills							
17 HB 569 - MIS	01	(260,750)				(260,750)	
18 HB 371 - Aging Services 50%	02	(100,000)					
19 HB 491 - Respite Care 50%	02	(50,000)				(50,000)	
Sub-Totals		(410,750)				(310,750)	
Grand Totals		(\$65,109)	\$371,628	(\$2,406,927)	\$330,074	\$659,943	\$371,628
						(\$877,389)	\$400,659

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## DEPARTMENT OF FAMILY SERVICES

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- 1) Personal Services 3% Vacancy Savings - The legislature increased vacancy savings in the Management Support program by 3 percent of all personal services funded by the 1991 legislature, including pay plan. The additional vacancy savings adopted reduce the general fund appropriation for management support by \$46,939 in fiscal 1992 and \$49,115 in fiscal 1993. This reduction, combined with the 2 percent personal services reduction imposed on this program by the 1991 legislature, brings the total vacancy savings to nearly 5 percent in each fiscal year.
  - 2) Training Funds - The legislature adopted the Executive Budget proposal to reduce appropriations for training by \$7,500 in fiscal 1992 and \$30,000 in fiscal 1993, leaving general fund of \$88,917 in fiscal 1992 and \$66,479 in fiscal 1993 for training in the Management Support program.
  - 3) Big Brothers and Sisters 8% Reduction - The legislature did not adopt the Executive Budget proposal to reduce this program by 8 percent each year.
  - 4) Cap Alcohol and Drug Treatment - The legislature did not adopt the Executive Budget proposal to reduce general fund appropriations for drug and alcohol treatment by \$12,100 in fiscal 1992 and \$13,300 in fiscal 1993.
  - 5) Corrections Division Operating - The legislature did not adopt the Executive Budget proposal to reduce appropriated general fund for the Corrections Division operating expenses by \$20,000 each year.
  - 6) Day Care Rate Increase - The legislature adopted the Executive Budget proposal to eliminate the general fund portion of the day care increase, enacted by the 1991 legislature in a current level adjustment. House Bill 2 requires that general fund be replaced by the federal day care block grant funds if allowed by federal regulations. Since day care rate increases are allowable under the regulations, the general fund is eliminated and the rate increase is funded by block grant funds appropriated by the 1991 legislature in House Bill 2.
  - 7) Delay Foster Care Rate Increase - The legislature did not adopt the Executive Budget proposal to delay implementation of the fiscal 1993 increase for 6 months.
  - 8) Domestic Violence 8% Reduction - The legislature did not adopt the Executive Budget proposal to reduce the general fund portion of this program by 8 percent or \$10,800 each year of the 1993 biennium.
  - 9) Foster Care Increase - The legislature adopted the Executive Budget proposal to increase the fiscal 1992 foster care general fund appropriation by \$2,202,939. This increase is primarily the result of three factors. First, the 1993 biennium foster care base was \$0.6 million less than fiscal 1991 actual expenditures. The legislature expected that implementation of a continuum of care would compensate for the base difference, but that continuum was not fully implemented in fiscal 1992.
- Second, while the department estimates fewer total care days in fiscal 1992, it expects the mix of services to change. More care days will be provided in the more expensive in-state and out-of-state treatment, while fewer care days will be provided in the less expensive family foster homes and group homes.

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Third, based on the department's care day and expenditure estimates, the average daily rates for in-state treatment will increase by 2.9 percent from fiscal 1991 to fiscal 1992, while average out-of-state treatment rates will increase by 36.7 percent in the same period. The average out-of-state rate increase is caused by both increasing facility rates and placements in higher cost facilities.

- 10) IV-B Revenue Increase - The legislature adopted the Executive Budget proposal to reduce general fund and increase federal funds by \$75,697 in each fiscal year. The fiscal 1992 and 1993 budgets were based on estimated receipts from the fiscal 1991 IV-B block grant for child protective services, but the actual 1991 allotment was \$75,697 higher than estimated.
- 11) Miscellaneous Federal Recovery - The legislature adopted the Executive Budget proposal to reduce general fund and increase federal funds by \$295,931 in fiscal 1992 and \$324,962 in fiscal 1993. This funding switch is based on anticipated increased collections of federal funds resulting from the revised random moment time study, potential federal rule changes for administrative expenses, and increased grant authority.
- 12) Parental Assets Rule - The legislature did not adopt the Executive Budget proposal for a medicaid rule change which would require non-medicaid eligible parents to pay for hospital or residential psychiatric treatment for children. The executive proposal estimated general fund savings of \$233,693 in fiscal 1992 and \$928,493 in fiscal 1993.
- 13) Personal Services 2% Vacancy Savings - The 1992 special session imposed a 2 percent vacancy savings in the Community Services program in addition to the 2 percent imposed by the 1991 legislature on all Community Services personnel except social workers. The additional vacancy savings, which reduces the general fund appropriation for regional staff by \$167,552 in fiscal 1992 and \$174,273 in fiscal 1993, brings the total vacancy savings to 2 percent for social workers and nearly 4 percent for all other personnel in each fiscal year.
- 14) Residential Treatment Continuum - The 1991 legislature appropriated the general fund medicaid match to DFS for residential psychiatric services, as discussed in Youth Treatment Services, #8 of the budget modification section below. Of the \$1,770,656 appropriated for fiscal 1992 and the \$1,764,354 appropriated for fiscal 1993, the department was to reserve \$1.3 million for the biennium (approximately \$650,000 each year) specifically for residential psychiatric services. The remainder could be used to provide a continuum of care to abused and neglected children. During the January 1992 special session, the legislature adopted the Executive Budget proposal to reduce the residential treatment funds by \$599,919 in fiscal 1992 and \$165,259 in fiscal 1993, leaving \$1,170,737 and \$1,599,095 in respective years.
- 15) Personal Services 3% Vacancy Savings - The legislature did not adopt the Executive Budget proposal to increase the vacancy savings at Mountain View School by 3 percent of all personal services funded by the 1991 legislature, including pay plan.
- 16) Personal Services 2% Vacancy Savings - The legislature did not adopt the Executive Budget proposal to increase the vacancy savings at Pine Hills School by 2 percent of all personal services funded by the 1991 legislature, including pay plan.
- 17) HB 569 - Management Information System - The 1991 legislature approved a biennial appropriation of \$547,339 general fund for development of a management information system in cooperation with the Department of Administration. In section 9 of House Bill 2,

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January 1992 special session, the legislature adopted the Executive Budget proposal to reduce that appropriation by \$260,750 to \$286,589 and to provide for the development of this system within the Department of Family Services.

18) HB 371 - Aging Services 50% Reduction - The legislature did not adopt the Executive Budget proposal to reduce the \$200,000 general fund biennial appropriation for in-home Aging Services by 50 percent or \$100,000 in fiscal 1992.

19) HB 491 - Respite Care 50% Reduction - In section 4 of House Bill 2, January 1992 special session, the legislature adopted the Executive Budget proposal to reduce the \$100,000 general fund biennial appropriation for foster care respite care to \$50,000.

Table 1 shows the first level expenditures and funding for the administrative components of the Community Services program, as adopted by the January 1992 special session. The only operations changes from appropriations of the 1991 legislature were funding switches and increased vacancy savings, as noted above.

Table 1  
Community Services Operations  
1993 Biennium

Program	Fiscal 1992				Fiscal 1993			
	FTE	Gen. Fund	Other Funds	Total	FTE	Gen. Fund	Other Funds	Total
Regional Staff	327.20	\$6,232,581	\$4,791,220	\$11,023,801	27.20	\$6,185,874	\$4,836,478	\$11,022,352
Child Abuse and Neglect			15,809	15,809			15,893	15,893
Domestic Violence			412	412			412	412
Children's Trust			9,903	9,903			9,908	9,908
Aftercare	12.00	445,924	7,724	453,648	12.00	475,429	7,724	483,153
Youth Evaluation	5.00	132,125		132,125	5.00	132,434		132,434
Independent Living			39,582	39,582			39,672	39,672
Pay Plan		495,566	162,517	658,083		800,898	260,938	1,061,836
Totals	344.20	\$7,306,196	\$5,027,167	\$12,333,363	344.20	\$7,594,635	\$5,171,025	\$12,765,660

Table 2 shows the funding for the grants and benefits in the Community Services program, as adopted by the January 1992 special session. During the special session, the only changes in the programs approved by the 1991 legislature were: 1) reductions in day care general fund of \$38,708 in fiscal 1992 and \$58,083 in fiscal 1993; 2) continuum of care reductions of \$599,919 in fiscal 1992 and \$165,259 in

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fiscal 1993; and 3) a \$2,202,939 increase for foster care in fiscal 1992 only. Program descriptions are found in the Community Services program narrative.

Table 2  
Grants and Benefits  
1993 Biennium

Grants and Benefits	General Fund Fiscal 1990	Total Fiscal 1990	General Fund Fiscal 1992	Total Fiscal 1992	General Fund Fiscal 1993	Total Fiscal 1993	Change G. Fund 1990-92	Change Total 1990-92
<b>Grants</b>								
West Yellowstone	\$ 5,148	\$ 5,148	\$ 5,362	\$ 5,362	\$ 5,362	\$ 5,362	\$ 214	\$ 214
Home Health	15,000	15,000	15,000	15,000	15,000	15,000	0	0
Child Abuse		137,097		112,591		112,507	0	(24,506)
Domestic Violence	131,811	251,810	135,000	219,588	135,000	219,588	3,189	(32,222)
Refugee		111,477		150,000		150,000	0	38,523
Day Care		56,860		50,000		50,000	0	(6,860)
Aging	695,149	4,543,171	640,620	4,781,143	643,246	4,764,639	(54,529)	237,972
Children's Trust		61,127		61,420		61,420	0	293
Post Adoption		92,431		97,518		24,378	0	5,087
<b>Total Grants</b>	<b>\$847,108</b>	<b>\$5,274,121</b>	<b>\$795,982</b>	<b>\$5,492,622</b>	<b>\$798,608</b>	<b>\$5,402,894</b>	<b>(\$51,126)</b>	<b>\$218,501</b>
<b>Benefits</b>								
Subsidized Adoption	\$ 122,859	\$ 275,987	\$ 122,859	\$ 275,987	\$ 122,859	\$ 275,987	\$ 0	\$ 0
Big Brothers & Sisters	158,400	158,400	173,250	173,250	181,913	181,913	14,850	14,850
Alcohol & Drug	201,630	201,630	212,100	212,100	213,300	213,300	10,470	10,470
Day Care	266,289	492,261	309,599	3,273,617	294,361	3,541,208	43,310	2,781,356
Supp. Security Income	855,000	855,000	961,766	961,766	995,606	995,606	106,766	106,766
Foster Care	6,653,485	9,877,456	13,773,637	19,251,889	18,545,483	18,282,648	7,120,152	9,374,433
Independent Living		142,983		204,608		204,518	0	61,625
<b>Total Benefits</b>	<b>\$8,257,663</b>	<b>\$12,003,717</b>	<b>\$15,553,211</b>	<b>\$24,353,217</b>	<b>\$23,353,522</b>	<b>\$23,695,180</b>	<b>\$7,193,296</b>	<b>\$12,786,502</b>

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### Budget as Approved by the Regular 1991 Legislative Session

The legislature implemented a 2 percent reduction in funding for most fiscal 1992 and 1993 personal services, excluding salaries and benefits for social workers in the community services program. This reduction is reflected in both the main tables and the budget modification tables at the agency and program levels. Funding sources are reduced in proportion to the total personal services in each program having personal services.

The budget increases from fiscal 1990 to fiscal 1992 primarily because: 1) additional FTE increase personal services costs by \$0.6 million; 2) foster care services increase \$7.8 million; 3) targeted case management for the developmentally disabled increases by \$1.1 million; 4) day care services increase by \$2.9 million; 5) \$1.5 million is added for other modifications, continuation of the fiscal 1991 pay plan, and vacancy savings occurring in fiscal 1990 in excess of that budgeted in the 1993 biennium; and 6) an accounting change adds \$0.5 million. The differences between fiscal 1990 and fiscal 1992, as well as the budget modifications and current level adjustments shown below, are discussed in detail in the program narratives.

### Summary of Budget Modifications

		FY 1992		FY 1993			
PGM	FTE	General Fund	Other Funds	FTE	General Fund	Other Funds	
1 Management Increases	01	5.00	\$ 109,849	\$ 81,583	5.00	\$ 102,829	\$ 75,227
2 Division Director	01	1.00	40,082	7,073	1.00	37,789	6,669
3 Regional Staff Increases	02	8.00	233,293	41,169	8.00	224,699	39,653
4 MDC Phase I & II SSI	02		27,072			27,072	
5 MDC Phase IV Child Placement	02		42,435	107,565		84,300	215,700
6 MDC Phase IV Case Management	02	2.75	29,664	51,546	2.75	29,665	51,535
7 MDC Phase IV SSI	02		19,740			53,580	
8 Youth Treatment Services	02	1.00	1,170,737		1.00	1,599,095	
9 Field Equipment	02		20,000			20,000	
10 Native American Services	02		280,863	711,937		278,977	713,823
11 SB37-Aftercare Services	02		5,105			33,613	
12 Mountain View Staff Increases	03	1.36	34,902		1.36	33,675	6,000
13 PHS Industries Program	04			6,000			
14 Pine Hills Staff Increases	04	3.00	61,757		3.00	61,707	
Totals		22.11	\$2,075,499	\$1,006,873	22.11	\$2,587,001	\$1,108,607

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- 1) Management Increases - The legislature approved \$369,488 for the biennium for staff increases to strengthen the management capability of the department. The legislature appropriated general fund for 3.0 FTE management personnel and federal funds for 2.0 FTE needed to increase collection of federal funds and parental contributions. The modification also includes \$35,000 for operating expenses and \$13,000 for equipment. The Management Support program vacancy savings reduction includes a 3 percent vacancy savings for this budget modification.
- 2) Division Director - The legislature appropriated \$91,613 for 1.0 FTE division director, operating expenses, and equipment for the biennium to enable the department to further strengthen its management and to allow presentation of a detailed plan for a continuum of service during calendar year 1991. The Management Support program vacancy savings reduction includes a 3 percent vacancy savings for this budget modification.
- 3) Regional Staff Increases - The regional staff, which totalled 315.83 in fiscal 1990, provides social services to children, adults, and senior citizens. The number of children in foster care increased from 2,390 in fiscal 1985 to 2,969 in fiscal 1989. Adult protective services received an estimated 1,000 new clients in fiscal 1989 and served a total of 3,224 clients during that year. The legislature added 8.0 additional FTE social workers to respond to this increasing demand for services. General fund costs of \$233,293 in fiscal 1992 and \$224,699 in fiscal 1993 are supplemented by federal funds of \$41,169 and \$39,653 in respective years for a total biennial cost of \$538,814. The Community Services program vacancy savings reduction includes a 2 percent vacancy savings for this budget modification.
- 4) MDC Phase I & II Supplemental Income - State supplemental income is a monthly supplement to federal supplemental security income (SSI) to enable eligible clients to live in less restrictive environments than would otherwise be possible. The legislature approved general fund of \$27,072 each year for state supplemental payments to approximately 24 developmentally disabled SSI recipients who were moved from MDC into community homes during the 1991 biennium (phases I and II of the "Action Plan for the Modification of the Montana Developmental Disabilities Service System"). Expenditures for supplemental income of \$94 per month per recipient were absorbed within the department's current level appropriation for the 1991 biennium as clients were moved from MDC. These clients will now be served in the community for the full biennium.
- 5) MDC Phase IV Child Placement - During fiscal 1992, the department, in cooperation with SRS, intends to provide community services for five developmentally disabled children who need intensive services and are difficult to place. An additional five children will be placed in fiscal 1993. Eligible children include those who currently receive foster care services, but foster care is not reduced because the department expects an increase in the numbers of developmentally disabled children served during the 1993 biennium. Eligible children currently include nine who have been placed out-of-state at costs ranging from \$53 per day at Excelsior in Spokane to \$280 per day at Pines Home in Virginia. One eligible child is currently at MDC, but MDC's revised role in Montana's developmental disabilities service system is not well suited to children. Therefore, the legislature approved \$82 per day per child or \$150,000 in fiscal 1992 and \$300,000 in fiscal 1993 for in-state community services for these children. Federal Title XIX Medicaid funds will provide an estimated 71.7 percent of the cost, with general fund providing the remaining 28.3 percent.
- 6) MDC Phase IV Case Management - The legislature approved approximately \$81,200 per year for case management services to 114 additional developmentally disabled clients who will be in community services in the 1993 biennium. Fifty-four clients will be moved from MDC to community services during the 1991 biennium, 30 will be moved during the 1993 biennium, and an additional 30 will come from



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waiting lists of those needing intensive levels of service. This budget modification includes general fund of \$9,500 per year for specialized training for case managers. The remaining \$71,700 for each year is for 2.75 FTE and case management expenses. The funding sources for this request are: 1) \$9,500 general fund for the training funds; and 2) approximately 28.1 percent general fund and 71.9 percent federal Title XIX funds for the personal services and operations.

7) MDC Phase IV Supplemental Income - The legislature approved \$19,740 in fiscal 1992 and \$53,580 in fiscal 1993 for state supplemental income payments of \$94 per month for developmentally disabled federal SSI recipients who will move from MDC or waiting lists into community homes during the 1993 biennium (phase IV of the "Action Plan for the Modification of the Montana Developmental Disabilities Service System"). The department anticipates that: 1) 30 additional clients will require SSI for seven months in fiscal 1992 and 12 months in fiscal 1993; and 2) 30 additional clients will require SSI for seven months in fiscal 1993.

8) Youth Treatment Services - The legislature approved 1.0 FTE each year and general fund of \$3,535,010 for the biennium to provide residential psychiatric treatment to children and adolescents. House Bill 304, enacted by the 1989 legislature as a pilot program, authorized medicaid funding for residential psychiatric treatment during the 1991 biennium. Federal medicaid funding was appropriated to SRS to be matched by foster care monies appropriated to DFS. This modification would provide state match for the federal medicaid funds requested by SRS to continue and expand residential psychiatric treatment during the 1993 biennium. The department must reserve at least \$1.3 million for the biennium for residential psychiatric treatment, and it may use the remainder of the funds for a continuum of services. In the January 1992 special session, the legislature reduced this budget modification to \$1,170,737 in fiscal 1992 and \$1,599,095 in fiscal 1993.

9) Field Equipment - The legislature approved general fund of \$20,000 each year for locking file cabinets, desks, and chairs for the regional offices. A June 1990 legislative audit report recommended that the department prioritize equipment needs and purchase locking filing cabinets for the storage of confidential case files. The report stated that file confidentiality has not been maintained because: 1) security has been inadequate; and 2) budget restraints have prevented the purchase of adequate locking files. This budget modification would allow the purchase of four files and two desks and chairs for each region each year.

10) Native American Services - Title IV-E requires each state to provide foster care services to all eligible children, including Native American children on reservations. Since the department anticipates serving an additional 250 Native American children in the 1993 biennium, the legislature approved an additional \$1,985,600 for this service. DFS is negotiating agreements for service with each tribe in compliance with Title 18, Chapter 11, MCA. Funds may be used to contract for direct services or pay for placement services. Funding is at the estimated medicaid matching rate of 28.3 percent general fund and 71.7 percent federal revenue.

11) SB 37-Aftercare Services - Senate Bill 37 required counties to provide youth detention centers and provides state grants from lottery proceeds for a portion of the detention services. The legislature increased House Bill 2 general fund appropriations to DFS by \$5,105 in fiscal 1992 and \$33,613 in fiscal 1993 for these services to youth who are served by DFS.

12) Mountain View Staff Increases - The legislature approved an additional 1.36 FTE and general fund of \$68,577 for the biennium to provide increased services to residents of Mountain View School. The additional FTE are: 1) 1.0 FTE cottage life attendant to increase cottage staffing; and 2) 0.36 FTE foreign language teacher to meet school accreditation standards.

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13) Pine Hills Industries - The legislature approved \$12,000 in state special revenue for the 1993 biennium to establish an Industries program at Pine Hills, as permitted by Senate Bill 385. As a section of the Vocational Education program, this program would allow students to learn drafting, welding, and woodworking. Revenue would be generated by sales of products, such as picnic tables.

14) Pine Hills Staff Increases - The legislature approved 3.0 FTE cottage life attendants at a general fund cost of \$123,464 for the biennium. These FTE would provide additional supervision and security during regular work hours, particularly in the more secure lodges where the high risk population has been increasing. The facility is rated as a 100-bed facility with a maximum capacity of 120 residents. Since the average daily population exceeds maximum capacity, residents are being housed in program areas. The department estimates that a reduced referral rate and a shorter length of stay will mitigate overcrowding. However, the department estimates that the remaining population will be higher risk and will require more security to prevent violence and escapes.

### Funding

General fund increases of 42.2 percent from fiscal 1990 to fiscal 1992 are primarily due to: 1) overall agency-wide cost increases for additional staff, upgrades, and pay plan; and 2) an increase in benefits, primarily in the foster care program.

State special revenue increases 32.1 percent primarily because \$540,200 was added to allow direct accounting for parental and other contributions. The \$540,200 in fiscal 1992 and \$545,500 in fiscal 1993 are the result of two legislative actions: 1) foster care increases \$480,000 each year to allow accounting changes for parental and other contributions; and 2) HB 993 requires parents or guardians to pay a contribution toward out-of-home care if they are financially able to pay. Estimated increases in parental contributions of \$60,200 in fiscal 1992 and \$65,400 in fiscal 1993 offset general fund of a like amount. Smaller increases occurred in estimates for county contributions, interest and income, and industries.

The federal funds increase of 68.8 percent is significantly greater than the overall budget increase because: 1) new federal funds for day care and the developmentally disabled are anticipated; 2) foster care increases significantly; and 3) the federal share for foster care is expected to increase as a result of increased department efforts to certify children as IV-E eligible.

### Other Legislation

In addition to House Bill 2, four other bills appropriate funds to the Department of Family Services, as shown below. These appropriations, as adjusted by the January, 1992 Special Session, are not included in the main table above.

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<u>Bill No./Description</u>	<u>Fiscal 1992</u>		<u>Fiscal 1993</u>	
	<u>FTE</u>	<u>General Fund</u>	<u>FTE</u>	<u>General Fund</u>
		<u>Total Funds</u>		<u>Total Funds</u>
HB 371 - In-home Aging Services*		\$200,000		
HB 489 - Foster Care Clothing*		266,186		
HB 491 - Foster Care Respite Care*		50,000		
HB 569 - Mgmt. Information System		286,589		138,312
Totals	0.00	\$802,775	0.00	\$0
		\$1,054,083		\$138,312

\* Biennial appropriations

\*\* The general fund is a biennial appropriation, but the federal funding is split between fiscal 1992 and 1993.

HB 371 - In-home Aging Services - The legislature appropriated general fund of \$200,000 for the biennium to the Department of Family Services to provide in-home aging services. The funds are granted to the Area Agencies on Aging as provided in section 53-5-101, MCA, for the purpose of providing additional in-home services to the elderly to enable them to remain in their homes.

HB 489 - Foster Care Clothing - The legislature appropriated general fund of \$266,186 and federal funds of \$112,996 for the biennium for clothing for children placed in foster homes. This appropriation increases the allowance per child from approximately \$100 each year paid in the 1991 biennium to a maximum of \$300 per year in the 1993 biennium.

HB 491 - Foster Care Respite Care - The legislature appropriated general fund of \$50,000 for the biennium to provide respite care for foster children who are: 1) developmentally disabled and either on a respite care waiting list or not eligible for other respite care; 2) medically demanding; or 3) suffering from severe emotional problems. Respite care may be provided on an hourly, daily, or weekly basis to the extent that funds are available. The January 1992 Special Session reduced this appropriation from \$100,000 to \$50,000.

HB 569 - Management Information System - The legislature appropriated general fund of \$286,589 for the biennium and federal funds of \$138,312 each year for a management information system. The general fund earmarked for this system is the lesser of the appropriated amount or the amount available from the Department of Social and Rehabilitation Services' (SRS) unreconciled special revenue fund balance after funding the appropriation to the TEAMS project in SRS. The total appropriation of \$652,143 for the management information system includes this appropriation of \$563,213 for the biennium and a biennial appropriation of \$88,930 in House Bill 2. The 1992 Special Session reduced the total appropriation from \$912,893 to \$652,143 for the biennium.

Other legislation for which implementation appropriations are contained in House Bill 2, or which impact the department's budget are listed below:

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HB 299 - Permanency Planning - The legislature required the department to implement a two-year permanency planning project, including a case review of all children in foster care over a three-month period, to: 1) determine what needs to be done in each case to assure a permanent home for each child; and 2) assist the department social workers in effectively finding and using the resources to implement positive and realistic permanency plan options for children. No additional funds were appropriated for this project.

HB 642 - Licensing of Day Care Facilities - The department is required to license all day care facilities. This legislation excludes from the licensing requirement all group facilities that: 1) are established chiefly for educational purposes; and 2) limit services to children who are three years of age or older.

HB 937 - Day Care Resource and Referral - The legislature revised the Montana Child Care Act to continue the state grant program for local child-care resource and referral programs. HB 2 contains federal funds of \$413,568 and general fund of \$15,000 for the biennium to continue and expand the programs.

HB 977 - Inpatient Residential Treatment - The legislature authorized inpatient residential treatment as an optional service in the Montana Medicaid program. HB 304, enacted by the 1989 legislature authorized Medicaid reimbursement for this service during the 1991 biennium as a pilot program terminating at the end of fiscal 1991. This bill continues authorization for this service and provides a specific definition of the services which these facilities must provide to be eligible for Medicaid reimbursement. The legislature appropriated \$9.01 million of federal Medicaid funds to SRS and \$2.8 million of general fund Medicaid match to DFS to fund this service during the 1993 biennium. HB 2 permits DFS to use a portion of the state Medicaid match to establish less intensive, less costly alternatives to inpatient residential and hospital psychiatric treatment. At least \$1.3 million of the \$2.8 million appropriated to DFS must be reserved as state match for Medicaid reimbursement for residential psychiatric services. During the January 1992 special session, the legislature reduced the residential treatment funds from \$3.5 million to \$2.8 million for the biennium.

HB 993 - Parental Contributions - The legislature required that a youth's parents or guardians contribute toward the cost of out-of-home care provided by DFS. SRS is required to assist DFS in collecting these contributions. The legislature reduced HB 2 general fund authority in DFS and increased state special revenue by \$60,200 in fiscal 1992 and \$65,400 in fiscal 1993 to reflect increased parental contributions resulting from HB 993. The legislature also appropriated \$60,112 of state and federal revenue in HB 2 to SRS for these additional collection activities during the 1993 biennium.

SB 37 - Youth Detention Services - The legislature required counties to provide youth detention centers and provides state grants from lottery proceeds for a portion of the detention services, including short-term detention and transportation. The legislature increased HB 2 general fund appropriations to DFS by \$5,105 in fiscal 1992 and \$33,613 in fiscal 1993 for aftercare services to youth who are served by DFS. House Bill 74, which is contingent on passage and approval of Senate Bill 37, authorizes a county levy for juvenile detention programs. Senate Bill 56 restricts placement or evaluation of predispositional youth at a state youth correctional facility (Pine Hills or Mountain View), requires counties to pay the cost of youth evaluations, and requires parents who are financially able to contribute to the cost of youth evaluations. Senate Bill 59, which is also contingent on approval of Senate Bill 37, prohibits the placement of youth in need of supervision in a jail, secure detention facility, or a correctional facility.

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SB 205 - Interagency Cooperation - The legislature required state agencies to enter into a cooperative agreement regarding the provision of children's services and designated the Department of Family Services as the lead agency in coordinating and planning services to children. No additional funds were appropriated for this purpose.

SB 284 - Children's Trust Fund Board - This bill allows the Children's Trust Fund board to hire its own staff, but no additional funds were appropriated for this purpose.

SB 348 - Protective Services - The legislature authorized the Department of Family Services to provide protective services to certain older and developmentally disabled persons. No additional funds were appropriated for this purpose.

SB 385 - Industries Program - The legislature allows the department to establish industries programs at the state youth correctional facilities. HB 2 contains an appropriation of \$6,000 each year for an industries program at Pine Hills School.

SB 391 - Targeted Case Management - The legislature authorized managed care and case management services for medicaid recipients, including services to the developmentally disabled provided by DFS. In the 1991 biennium, general fund of approximately \$0.8 million each year was matched with federal funds of approximately \$0.8 million, billed directly by DFS. The funding for the 1993 biennium is changed to the full medicaid match of 28/72 general fund/federal funds, and \$1.9 million each year is appropriated as a transfer from SRS. The case management program expansion of \$1.1 million each year may be used to either hire social workers or contract for services.

## MANAGEMENT SUPPORT

<u>Budget Item</u>	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	51.50	51.50		51.50	51.50	51.50		51.50
Personal Services	1,638,577	1,591,638		1,730,780	1,635,858	1,586,743	224,538	1,811,281
Operating Expenses	985,984	978,484	139,142	978,484	789,286	759,286	0	759,286
Equipment	25,766	25,766	0	25,766	10,166	10,166	0	10,166
Total Costs	\$2,650,327	\$2,595,888	\$139,142	\$2,735,030	\$2,435,310	\$2,356,195	\$224,538	\$2,580,733
<u>Fund Sources</u>								
General Fund	1,963,249	1,908,810	108,327	2,017,137	1,811,394	1,732,279	174,805	1,907,084
State Revenue Fund	14,806	14,806	0	14,806	14,784	14,784	0	14,784
Federal Revenue Fund	672,272	672,272	30,815	703,087	609,132	609,132	49,733	658,865
Total Funds	\$2,650,327	\$2,595,888	\$139,142	\$2,735,030	\$2,435,310	\$2,356,195	\$224,538	\$2,580,733

### Program Description

The Management Support program provides for the overall management and policy development of the department, as well as administrative, data processing, and fiscal support. It includes administration, an independent audit program, a training program, and the administratively attached aging services program.

### Special Session Action

During the January 1992 special session, the legislature: 1) increased vacancy savings in the Management Support program by \$46,939 in fiscal 1992 and \$49,115 in fiscal 1993; 2) reduced training funds by \$7,500 in fiscal 1992 and \$30,000 in fiscal 1993; and 3) reduced the general fund biennial appropriation for the Management Information System by \$260,750. These actions are detailed in the above agency discussion of special session action.

### Budget as Approved by the Regular 1991 Legislative Session

This program's budget increases from fiscal 1990 to fiscal 1992, primarily because of increases in personal services and operating expenses. Personal services increase because: 1) the department transferred 2.0 FTE administrative positions and approximately \$54,000 per year in personal services costs to this program from the Community Services program; 2) the legislature approved budget

## MANAGEMENT SUPPORT

modifications for the addition of 6.0 FTE and approximately \$202,000 each year to increase management capability; 3) 17 positions received approved upgrades; and 4) fiscal 1991 pay plan increases are continued in the 1993 biennium.

Operating expenses increase primarily because: 1) a \$45,675 increase in legislative audit costs is included as a biennial appropriation in fiscal 1992; 2) \$88,930 for a management information system is included as a biennial appropriation in fiscal 1992; 3) over \$113,600 in insurance, payroll processing fees, and rent increases, including a current level adjustment of \$43,000 for central office rent, are included in the Management Support program; and 4) an increase of over \$8,300 per year is included for adoption investigations. The decrease from fiscal 1992 to fiscal 1993 is the result of biennial appropriations for legislative audits and the management information system and a \$12,000 decrease in the contract for aging services.

Equipment includes: 1) \$15,600 for equipment for the new staff approved in budget modifications; and 2) \$10,166 for replacement office equipment and computers each year.

### Current Level Adjustments

Current Level Adjustment	Executive			Legislature		
	FTE FY92	FTE FY93	Total 92-93	FTE FY92	FTE FY93	Total 92-93
1) Rent Increases for New Space					\$73,100	\$86,000

Rent Increases for New Space - The legislature appropriated \$43,000 each year for additional rent to allow the department to move into new space. The department staff testified that the current office space was inadequate.

### Funding

Funding is primarily general fund, which increases between fiscal 1990 and fiscal 1992 because budget modifications, current level expansions, and the 1993 biennium pay plan have been approved. State special revenue of \$14,806 in fiscal 1992 and \$14,784 in fiscal 1993 comes from fees paid by prospective adoptive parents for adoption investigations and reports. Federal revenues are: 1) reimbursement of audit costs totalling \$36,515 in fiscal 1992 and \$36,418 in fiscal 1993; 2) direct funding of state aging program functions of \$287,666 in fiscal 1992 and \$278,944 in fiscal 1993 which is matched by general fund of \$63,146 in fiscal 1992 and \$61,231 in fiscal 1993; 3) federal reimbursement of training costs totalling \$47,925 in fiscal 1992 and \$48,004 in fiscal 1993; 4) indirect costs of \$300,166 in fiscal 1992 and \$245,766 in fiscal 1993; and 5) federal funding of the pay plan equal to \$30,815 in fiscal 1992 and \$49,733 in fiscal 1993. The actual amount of federal funds received in indirect costs depends on a time study cost allocation system that assesses other programs in the department according to staff time involved in specific federally funded functions and the indirect cost rate negotiated with the federal government.

## COMMUNITY SERVICES

<u>Budget Item</u>	<u>HB 2 Regular Fiscal 1992</u>	<u>HB 2 Special Fiscal 1992</u>	<u>Pay Plan Fiscal 1992</u>	<u>Revised Total Fiscal 1992</u>	<u>HB 2 Regular Fiscal 1993</u>	<u>HB 2 Special Fiscal 1993</u>	<u>Pay Plan Fiscal 1993</u>	<u>Revised Total Fiscal 1993</u>
FTE	344.20	344.20		344.20	344.20	344.20		344.20
Personal Services	9,198,862	9,031,310	658,083	9,689,393	9,189,488	9,015,215	1,061,836	10,077,051
Operating Expenses	2,588,067	2,588,067	0	2,588,067	2,646,244	2,646,244	0	2,646,244
Equipment	55,903	55,903	0	55,903	42,365	42,365	0	42,365
Grants	5,492,622	5,492,622	0	5,492,622	5,402,894	5,402,894	0	5,402,894
Benefits and Claims	22,788,905	24,353,217	0	24,353,217	23,918,522	23,695,180	0	23,695,180
Total Costs	\$40,124,359	\$41,521,119	\$658,083	\$42,179,202	\$41,199,513	\$40,801,898	\$1,061,836	\$41,863,734
<u>Fund Sources</u>								
General Fund	22,134,691	23,159,823	495,566	23,655,389	22,744,141	21,945,867	800,898	22,746,765
State Revenue Fund	2,607,131	2,607,131	65,274	2,672,405	2,614,818	2,614,818	86,818	2,701,636
Federal Revenue Fund	15,382,537	15,754,165	97,243	15,851,408	15,840,554	16,241,213	174,120	16,415,333
Total Funds	\$40,124,359	\$41,521,119	\$658,083	\$42,179,202	\$41,199,513	\$40,801,898	\$1,061,836	\$41,863,734

### Program Description

The Community Services program provides protective services to children, the developmentally disabled, and the elderly, as required in Section 52-1-103, MCA. Children's services include foster care, protective day-care, support for Big Brothers and Sisters programs, adoption referral and counseling, and coordination of youth court and school programs. Adult services include: 1) community case management for the developmentally disabled; 2) spouse abuse counseling; 3) services to unmarried parents; 4) health and nutrition programs; and 5) congregate meals, transportation, homemaker services, and legal advocacy for the elderly. The program also: 1) administers the state's supplement to the federal supplemental security income (SSI) payments to eligible disabled, aged, or blind recipients; 2) provides community aftercare services for youths released from correctional facilities or committed by the courts; and 3) provides evaluations of up to 45 days for youths aged 10-17.

### Special Session Action

During the January 1992 special session, the legislature: 1) imposed an increased vacancy savings on regional staff; 2) eliminated the general fund day care rate increase because federal funds could be used for that purpose; 3) approved general fund/federal funds funding switches; 4) reduced the appropriation for the continuum of care; 5) increased the general fund appropriation for foster care;



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## COMMUNITY SERVICES

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and 6) reduced the general fund appropriation for foster care respite care. These actions are detailed in the agency discussion of special session action.

### Legislative Intent

It is the intent of the legislature that increased federal funds for DD targeted case management of approximately \$1.1 million each year may be used either to contract for services or to hire staff.

### Language

Developmental disabilities targeted case management - "The department shall submit to the 53rd Legislature a report detailing the numbers of developmentally disabled (DD) clients served by the department in fiscal 1992 and the actual fiscal 1992 general fund and federal fund expenditures for that service."

DD Case Management Additional Federal Matching Funds - "The department may provide DD targeted case management through increases in staff or it may contract for the targeted case management services. The department may transfer the targeted case management program for the developmentally disabled to the Department of Social and Rehabilitation Services during the 1993 biennium."

Day Care Provider Rate Increases - "Included in [Community Services] is general fund of \$38,708 in fiscal 1992 and \$58,083 in fiscal 1993 for increases to day care providers. Beginning October 1, 1991, the department shall increase day care provider rates up to 75 percent of the 'local market rate' (the maximum allowed under federal regulations). If federal regulations permit the use of funds from the new 'child care and development block grant' for these increases, the department shall decrease the general fund appropriations by the amount of block grant funds available." (The January 1992 special session did reduce general fund in House Bill 2 because federal funds could be used for rate increases.)

Line-itemed day care block grant for which regulations are not yet available - "In [the Child Care and Development Block Grant] the department is appropriated federal funds of \$2,373,287 in fiscal 1992 and \$2,641,716 in fiscal 1993 for improving the availability and quality of day care. The department shall issue a report to the 53rd Legislature detailing the numbers and types of services provided and the actual fiscal 1992 expenditures for those services."

Residential Treatment Services - "In [Youth Treatment Services] at least \$1.3 million for the biennium must be reserved for residential treatment services."

Native American Services - "In [Native American Services] the department may use the funds to contract for direct services on reservations, or pay for placement services."

Continuum of Care - "The continuum of service plan is to be presented to the Legislative Finance Committee during calendar 1991 for its review and comment. After review by the committee and consideration of recommendations and upon implementation of the plan, all

## COMMUNITY SERVICES

funds are to be spent in accordance with the plan. (The agency presented its plan to the LFC in November, 1991.) The goal of the plan is to develop a comprehensive child welfare service system by July 1, 1993. The system must include but not be limited to family based-services, foster care, therapeutic foster care, group care, residential treatment, and psychiatric hospitalization for youth. Funds appropriated for the youth foster care program may not be transferred to the medicaid program administered by the department."

### Budget as Approved by the Regular 1991 Legislative Session

The budget increases from fiscal 1990 to fiscal 1992, primarily because of increases in contracted services and grants and benefits. The 5.87 FTE increase is the net result of increases through budget modifications and decreases for transfers and elimination of FTE. Personal services increase from fiscal 1990 to fiscal 1992 because: 1) a budget modification for 2.75 DD case managers added \$70,879; 2) a budget modification for 1.0 FTE for youth treatment services added \$35,455; 3) a budget modification of 8.0 FTE social workers added \$278,920; 4) some typist positions received upgrades to secretarial positions, which increased annual costs by approximately \$16,000; and 5) the fiscal 1991 pay plan increase is continued in the 1993 biennium.

Operating expenses increase primarily because: 1) additional federal funds of \$1,133,498 in fiscal 1992 (\$1,151,440 in fiscal 1993) were included in contracted services for DD targeted case management; 2) \$44,000 was added to aftercare for youth detention costs charged by local jails; 3) budget modifications added approximately \$54,000; 4) annual inflationary increases of approximately \$42,000 in supplies, communications, and travel have been included in the budget; and 5) rent for privately owned buildings increased approximately \$38,000. In addition, general fund of \$5,105 in fiscal 1992 and \$33,613 in fiscal 1993 is provided to implement the licensing and transportation requirements of Senate Bill 37.

Equipment includes \$22,365 for regional staff, a budget modification of \$20,000 for additional equipment in regional offices, and \$13,000 for equipment for new regional staff.

The grants and benefits programs are described below:

West Yellowstone - Social services are provided in West Yellowstone where there is no full-time department employee. General fund of \$5,362 per year is maintained at the fiscal 1991 appropriated level. A local match of \$1,788 does not require an appropriation and is not included in the 1993 biennium budget.

Home Health - General fund of \$15,000 per year provides homemaker services to Lewis and Clark County. The county provides a \$15,000 match.

Child Abuse - Funds are used to contract for education and information dissemination about physical and sexual abuse of children. Anticipated federal funds of \$128,400 per year are used to fund: 1) administrative costs of \$15,809 in fiscal 1992 and \$15,893 in fiscal 1993; and 2) contracted services of \$112,591 in fiscal 1992 and \$112,507 in fiscal 1993.

Domestic Violence - Services provided through contracts with local agencies include safe homes, a 24-hour crisis line, and public awareness and education programs. Annual funding is: 1) \$135,000 general fund; 2) federal grants of \$50,000; and 3) \$35,000 from 1

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## COMMUNITY SERVICES

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percent of the fines and forfeitures collected in Justice Court and 50 percent of fines imposed for domestic abuse. Annual administrative costs are \$412.

Refugee - Federal funds of \$150,000 per year provide services to Indo-Chinese refugees, including services for unaccompanied minors provided by Lutheran Social Services.

Day-Care - Protective services provided to youth and adults identified as abused or neglected are provided in family or group homes or day-care centers. Based on client eligibility, funding is 100 percent general fund, 100 percent federal funds for refugee clients, or general fund with federal IV-A funding at the medicaid reimbursement rate for all AFDC eligible clients. Total funding of \$3,362,325 in fiscal 1992 and \$3,649,291 in fiscal 1993 includes: 1) general fund of \$309,599 in fiscal 1992 and \$294,361 in fiscal 1993; 2) federal grants of \$50,000 each year; 3) federal matching funds of \$255,047 in fiscal 1992 and \$270,142 in fiscal 1993; 4) child care improvement grants of \$136,400 in fiscal 1992 and \$120,705 in fiscal 1993; 5) \$199,284 in fiscal 1992 and \$214,284 in fiscal 1993 for a resource and referral program; and 6) new child care and development block grants of \$2,373,287 fiscal 1992 and \$2,641,716 in fiscal 1993. The January 1992 special session eliminated the general fund for rate increases because federal regulations allow the use of federal funds for that purpose.

Aging Services - Services designed to enable older Americans to maintain an independent lifestyle and avoid unnecessary institutional care are provided through contracts with 11 regional Area Agencies on Aging (AAAs). Services include legal advocacy, congregate and home meals, and information and referral services. Table 3 shows the funding for fiscal 1988 through fiscal 1993. In addition to the grants, \$25,411 in fiscal 1992 (including \$5,857 general fund) and \$14,911 in fiscal 1993 (including \$3,321 general fund) was transferred to the Aging Bureau in Management Services for contracted services and equipment. Other funds in fiscal 1992 and 1993 are for ombudsman and elder abuse services.

# COMMUNITY SERVICES

Table 3  
Aging Services  
Fiscal 1988 through 1993

	Fiscal 1988	Fiscal 1989	Fiscal 1990	Fiscal 1991	Fiscal 1992	Fiscal 1993
<u>General Fund</u>						
State Match	\$187,735	\$192,449	\$192,796	\$192,796	\$186,939	\$189,565
Information/Referral	122,445	137,681	137,681	137,681	137,681	137,681
In-Home Services	<u>309,414</u>	<u>316,000</u>	<u>316,000</u>	<u>316,000</u>	<u>316,000</u>	<u>316,000</u>
Total General Fund	\$619,594	\$646,130	\$646,477	\$646,477	\$640,620	\$643,246
<u>Federal Funds</u>						
IIIC-1 Congregate Meals	\$1,698,117	\$1,654,613	\$1,675,943	\$1,675,943	\$1,670,188	\$1,670,188
IIIC-2 In-Home Meals	376,915	352,143	369,405	369,405	406,600	406,600
IIID In-Home Services (Frail)			22,748	22,748	31,627	31,627
IIIB Social Services	1,257,595	1,264,878	1,280,994	1,280,994	1,322,496	1,322,496
Cash-In-Lieu of Commodities	470,175	626,980	626,980	626,980	611,045	611,045
Title IV Training	26,664	30,000	30,000	30,000	30,000	30,000
Administration	31,884	100,000	100,000	100,000	14,560	22,434
Other	<u>42,293</u>				<u>54,007</u>	<u>27,003</u>
Total Federal Funds	\$3,903,643	\$3,928,614	\$4,106,070	\$4,106,070	\$4,140,523	\$4,121,393
Total Expenditures	<u>\$4,523,237</u>	<u>\$4,574,744</u>	<u>\$4,752,547</u>	<u>\$4,752,547</u>	<u>\$4,781,143</u>	<u>\$4,764,639</u>

Children's Trust - Services and activities operated by non-profit private or public community-based educational and service organizations are aimed at the prevention of child abuse and neglect. The Children's Trust Fund Board allocates funds and monitors contract performance. Funding of \$71,323 in fiscal 1992 and \$71,328 in fiscal 1993 provides: 1) grants of \$61,420 each year; and 2) administrative expenses of \$9,903 in fiscal 1992 and \$9,908 in fiscal 1993. Funding comes from: 1) \$5 of the \$100 marriage dissolution fee; 2) tax write-off contributions; and 3) other donations.

Post Adoption - The Post-Adoption Center, begun by budget amendment in fiscal 1989, is funded by a federal grant to develop an inter-organizational network of service providers. Anticipated funds of \$97,518 in fiscal 1992 and \$24,378 in fiscal 1993 are included in the budget for the 1993 biennium.

## COMMUNITY SERVICES

Subsidized Adoption - This program assists families in adopting sibling groups or children with special needs such as physical or mental handicaps. The subsidy paid to each family varies according to the severity of the disability and the financial resources of the family. If the child is eligible for federal IV-E participation, funding is shared at the federal medicaid matching rate. Otherwise, the cost is 100 percent general fund. Funding is equal to the actual fiscal 1990 general fund of \$122,859 and federal funds of \$153,128. The number of subsidized clients has increased from 88 in fiscal 1988 to 117 in fiscal 1990.

Big Brothers and Sisters - Supplementary general fund of \$173,250 in fiscal 1992 and \$181,913 in fiscal 1993 is provided to county Big Brothers and Sisters programs to provide services to youth in need of an adult role model. These funds include annual increases of 5.0 percent in fiscal 1992 and fiscal 1993.

Alcohol & Drug Treatment - This program provides residential alcohol and drug treatment for eligible indigent youth. A youth must meet AFDC income standards, be an adjudicated delinquent, be determined by a certified alcohol counselor as in need of treatment, and be placed in a treatment program approved by the Department of Institutions. DFS reimburses treatment providers \$110 per day for a maximum of 40 days per youth. The current level budget is general fund of \$212,100 in fiscal 1992 and \$213,300 in fiscal 1993.

Supplemental Security Income (SSI) - SSI is a general fund supplementary income to normal federal SSI payments provided to recipients residing in certain licensed facilities. This payment is to help residents remain in the least restrictive environment possible. Payment is based on the recipient's type of community residence, ranging from \$26 per month for developmental disabilities semi-independent living homes to \$94 per month for personal care homes. Funding of \$961,766 in fiscal 1992 and \$995,606 in fiscal 1993 includes budget modifications approved by the legislature.

Foster Care - Through contracts with providers, foster care provides a continuum of protective services and treatment for youth. The legislature approved foster care current level funding of \$11,285,802 each year plus:

- 1) general fund transfers from SRS of \$2,499,914 in fiscal 1992 and \$2,624,459 in fiscal 1993 for in-patient hospital psychiatric treatment;
- 2) a budget modification of \$1,170,737 in fiscal 1992 and \$1,599,095 in fiscal 1993 for residential psychiatric treatment, adopted by the January 1992 special session after reducing the original 1991 legislative appropriation from \$1,732,492 in fiscal 1992 and \$1,726,270 in fiscal 1993;
- 3) \$992,800 per year for Native American Services;
- 4) 4.5 percent provider rate increases of \$507,861 in fiscal 1992 and \$1,038,576 in fiscal 1993;
- 5) \$150,000 in fiscal 1992 and \$300,000 in fiscal 1993 for MDC Phase IV child placement; and
- 6) \$2,202,939 increased general fund for foster care, approved by the January 1992 special session.

## COMMUNITY SERVICES

The department served 3,121 youths in fiscal 1990, while the fiscal 1990 budget was based on a caseload of 2,918 youths. The 1991 legislature, assuming that savings resulting from implementation of a complete continuum of service would offset costs of increasing case loads in the 1993 biennium, budgeted no additional spending authority for increasing caseloads in the 1993 biennium. Since the continuum of care had not been fully implemented by the January 1992 special session, the legislature decreased the continuum of care funding and increased the appropriation for foster care during the special session. The legislature also approved additional spending authority of \$480,000 each year to allow the department to properly account for parental contributions and other receipts which have been used to abate expenses in the current biennium.

Federal funds exceeding \$4.1 million per year include: 1) IV-E funding of \$3,059,191 in fiscal 1992 and \$3,200,361 in fiscal 1993 for AFDC eligible children; 2) \$711,937 in fiscal 1992 and \$713,823 for Native American children; and 3) \$107,565 in fiscal 1992 and \$215,700 in fiscal 1993 for MDC phase IV child placement. State special funds are: 1) county reimbursements set at approximately \$1.06 million per year, rather than at the \$1,139,650 ceiling amount approved when DFS was created (Section 41-3-1122, MCA) because caps at individual county levels limit revenues to less than the maximum amount; and 2) \$540,200 in fiscal 1992 and \$545,400 in fiscal 1993 to implement the accounting change for parental and other contributions. General fund provides the balance of the funding.

Independent Living - The independent living project assists IV-E foster children in making the transition from foster care to independent living. Anticipated federal funds of \$244,190 in each year of the 1993 biennium provide: 1) benefits of \$204,608 in fiscal 1992 and \$204,518 in fiscal 1993; and 2) administrative costs of \$39,582 in fiscal 1992 and \$39,672 in fiscal 1993. Federal funds in excess of \$155,000 each year require a general fund match of \$1 for each federal \$1. The department anticipates using a soft match.

### Current Level Adjustments

Adjustments to the current level budget are shown in the table below. Those marked with an asterisk were supported by the executive, but were not included in the published Executive Budget.

Current Level Adjustment	Fiscal Year 1992			Fiscal Year 1993		
	PGM	FTE	Other Funds	PGM	FTE	Other Funds
1) Provider rate increases						
Foster Care	02		\$ 372,769	02		\$ 762,314
Day Care	02			02		276,262
Big Brothers & Sisters	02		29,681	02		44,538
2) Day Care Resource & Referral*	02	8,250		02	16,913	
3) Federal Day Care Grants*	02	15,000	199,284	02		214,284
4) DD Targeted Case Management*	02		2,509,687	02		2,762,421
5) Juvenile detention costs	02		1,133,498	02		1,151,440
			<u>44,000</u>			<u>44,000</u>
Total Adjustments			\$ 440,019			\$ 823,227
						\$ 4,448,945

1) Provider Rate Increases - The legislature approved a 4.5 percent annual provider rate increase for foster care, 5.0 percent for the Big Brothers and Sisters program, and daily increases for day care providers. Effective October 1, 1991, family and group day care

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## COMMUNITY SERVICES

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providers receive increases of \$1 per day, and day care centers receive an increase of \$0.50 per day. In fiscal 1993 family day care providers receive an additional \$0.75 per day and group care providers receive an additional \$0.25 per day. These increases will raise all day care provider rates to 75.0 percent of the local market rate. The January 1992 special session eliminated the general fund appropriation for day care rate increases because those increases, according to federal regulations, could be funded with the federal day care block grant.

2) Resource and Referral - The legislature approved \$214,284 each year to expand the resource and referral program begun by the 1989 legislature. Funding is \$15,000 general fund and \$413,568 federal funds.

3) Federal Day Care Grants - These grants are of two types. First, a federal child care improvement grant was approved for \$136,400 in fiscal 1992 and \$120,705 in fiscal 1993. These grants were begun in fiscal 1991 and are expected to continue through the 1993 biennium. Second, a federal day care block grant has been awarded to Montana for improving the availability and quality of day care. Since regulations were not available for this grant during the 1991 legislature, the legislature: 1) approved language providing the department broad authority for \$2,373,287 in fiscal 1992 and \$2,641,716 in fiscal 1993; 2) line-itemed the grant; and 3) required that the department submit a report to the 1993 legislature on how the grant was spent.

4) DD Targeted Case Management - The DD case management match rate is changing from a 50/50 state/federal match to the medicaid match of approximately 28 percent state, 72 federal funding. The additional federal funds of over \$1.1 million each year were included as contract services. Language was approved to allow the department to either contract or hire staff to provide the services.

5) Juvenile Detention Costs - The government unit responsible for committing an individual to a local detention center is required by section 7-32-2242, MCA to pay the cost of holding that individual. The legislature approved \$44,000 each year to pay for costs of holding juveniles who are in the custody of the department.

### Funding

Funding is general fund, state special revenue, and federal funds. General fund of over \$23.6 million in fiscal 1992 and approximately \$22.7 million in fiscal 1993 is the primary funding source for the Community Services programs. The increase from fiscal 1990 to fiscal 1992 is primarily due to approved budget modifications, current level adjustments, pay plan, and a foster care supplemental appropriation approved by the January 1992 special session.

State special revenue is: 1) over \$898,000 for the county reimbursement for regional staff; 2) \$35,000 each year of fines for domestic violence; 3) over \$71,300 in donations, income tax check-off and marriage license fees for the Children's Trust; 4) interest income of \$2,773 each year for aftercare; 5) approximately \$1.06 million each year for the county contributions to foster care; and 6) over \$540,000 each year of parental and other reimbursements for foster care. The increase of 33.2 percent from fiscal 1990 to fiscal 1992 is primarily the result of the accounting change to allow parental and other contributions to be recorded as revenue.

Federal revenue includes funds for social services, aging services, day care, targeted case management for the developmentally disabled, IV-E funds for foster care, child abuse, domestic violence, refugee care, post adoption, subsidized adoption, and independent living.

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## COMMUNITY SERVICES

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Federal revenue increases primarily because: 1) budget modifications and current level adjustments were approved; 2) the calculation used to estimate federal IV-E funds was changed to reflect the department's increased effort to collect those funds; and 3) the January 1992 special session reduced general fund and increased federal funds to recognize higher federal funds estimates.



## MOUNTAIN VIEW

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	67.13	67.13		67.13	67.13	67.13		67.13
Personal Services	1,767,965	1,767,965	92,545	1,860,510	1,769,664	1,769,664	149,484	1,919,148
Operating Expenses	334,137	334,137	0	334,137	341,338	341,338	0	341,338
Equipment	4,436	4,436	0	4,436	11,379	11,379	0	11,379
Total Costs	\$2,106,538	\$2,106,538	\$92,545	\$2,199,083	\$2,122,381	\$2,122,381	\$149,484	\$2,271,865
<u>Fund Sources</u>								
General Fund	1,999,597	1,999,597	89,058	2,088,655	2,015,369	2,015,369	143,495	2,158,864
State Revenue Fund	3,134	3,134	0	3,134	3,135	3,135	0	3,135
Federal Revenue Fund	103,807	103,807	3,487	107,294	103,877	103,877	5,989	109,866
Total Funds	\$2,106,538	\$2,106,538	\$92,545	\$2,199,083	\$2,122,381	\$2,122,381	\$149,484	\$2,271,865

Program Description

Mountain View School in Helena, authorized in Section 53-30-202, MCA, provides diagnosis, care, education, and rehabilitation for juvenile girls between the ages of 10 and 21 years who have been committed by the courts. Each youth is provided with diagnostic and treatment services and an individualized education program. The school also provides evaluations for girls referred by the youth courts. The average daily population (ADP) of 52.31 in fiscal 1990 has been continued for the 1993 biennium.

Budget as Approved by the Regular 1991 Legislative Session

The budget increases over 12 percent from fiscal 1990 to fiscal 1992 due to higher personal service costs and operating expenses. Personal services increase 13.0 percent because: 1) a budget modification for 1.36 FTE and personal services of nearly \$34,000 was approved; 2) teacher's aides were moved from the state pay plan to the state teacher pay plan, resulting in annual increases in personal services and federal funds of approximately \$18,600; and 3) the fiscal 1991 pay increase is continued in the 1993 biennium.

Operating expenses increase 7.5 percent because the budget includes: 1) over \$8,000 for increases in contracts for the chaplain, doctor, dentist, and cosmetologist; and 2) inflationary increases in food and utilities.

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## MOUNTAIN VIEW

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Funding of \$15,815 for equipment during the biennium will provide a washer/dryer set, an electronic monitoring system, two-way radios, a security post check-in system, and other miscellaneous equipment. At an annualized rate, this is a 50 percent increase over the 1990 actual expenditures.

### Funding

Funding is primarily from the general fund. State special revenue consists of canteen funds of over \$2,950 and donations of \$177 each year. Federal revenue per year is: 1) school foods of \$42,100 from the Department of Education; 2) Chapter I funds of approximately \$47,000; and 3) federal boarder reimbursements of nearly \$14,800. Federal revenue increases 14.8 percent because anticipated Chapter I revenues are higher than the \$29,200 actually received in fiscal 1990.

## PINE HILLS

<u>Budget Item</u>	<u>HB 2</u> <u>Regular</u> <u>Fiscal</u> <u>1992</u>	<u>HB 2</u> <u>Special</u> <u>Fiscal</u> <u>1992</u>	<u>Pay</u> <u>Plan</u> <u>Fiscal</u> <u>1992</u>	<u>Revised</u> <u>Total</u> <u>Fiscal</u> <u>1992</u>	<u>HB 2</u> <u>Regular</u> <u>Fiscal</u> <u>1993</u>	<u>HB 2</u> <u>Special</u> <u>Fiscal</u> <u>1993</u>	<u>Pay</u> <u>Plan</u> <u>Fiscal</u> <u>1993</u>	<u>Revised</u> <u>Total</u> <u>Fiscal</u> <u>1993</u>
FTE	120.77	120.77		120.77	120.77	120.77		120.77
Personal Services	3,145,509	3,145,509	192,973	3,338,482	3,148,577	3,148,577	311,873	3,460,450
Operating Expenses	734,811	734,811	0	734,811	750,811	750,811	0	750,811
Equipment	<u>10,215</u>	<u>10,215</u>	<u>0</u>	<u>10,215</u>	<u>12,015</u>	<u>12,015</u>	<u>0</u>	<u>12,015</u>
Total Costs	\$3,890,535	\$3,890,535	\$192,973	\$4,083,508	\$3,911,403	\$3,911,403	\$311,873	\$4,223,276
<u>Fund Sources</u>								
General Fund	3,267,001	3,267,001	184,468	3,451,469	3,281,879	3,281,879	297,849	3,579,728
State Revenue Fund	320,045	320,045	0	320,045	326,180	326,180	0	326,180
Federal Revenue Fund	<u>303,489</u>	<u>303,489</u>	<u>8,505</u>	<u>311,994</u>	<u>303,344</u>	<u>303,344</u>	<u>14,024</u>	<u>317,368</u>
Total Funds	\$3,890,535	\$3,890,535	\$192,973	\$4,083,508	\$3,911,403	\$3,911,403	\$311,873	\$4,223,276

## Program Description

Pine Hills School in Miles City, authorized in Section 53-30-202, MCA, provides diagnosis, care, education, and rehabilitation for juvenile boys between the ages of 10 and 21 years who have been committed by the courts. Each youth is provided with diagnostic and treatment services and an individualized education program. The school also provides evaluations for boys referred by the youth court. The average daily population of 121.49 in fiscal 1990 has been projected for the 1993 biennium.

## Budget as Approved by the Regular 1991 Legislative Session

The school's budget increases 7.4 percent from fiscal 1990 to fiscal 1992 due to higher personal service costs and operating expenses. FTE increase a net of 2.0 because: 1) 1.0 FTE chemical dependency counselor was eliminated in fiscal 1990 and the funds were used to contract for alcohol counseling services; and 2) 3.0 FTE cottage life attendants were added through a budget modification. Personal services increase 8.3 percent primarily because: 1) a budget modification of \$60,173 for 3.0 FTE was approved; and 2) the fiscal 1991 pay plan increase is continued in the 1993 biennium.

Operating expenses increase 4.5 percent due to: 1) budget modifications of \$1,584 in operating expenses for increased staff and \$6,000 to start an industries program; 2) an increase of \$18,000 in contracted services for a chaplain and a Honeywell temperature control contract; 3) inflationary increases, primarily in food, supplies, and utilities of approximately \$21,000; and 4) decreases of \$15,000

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## PINE HILLS

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per year for insurance paid from the Pine Hills budget in fiscal 1990 that is budgeted in the Management Support program for the 1993 biennium. Contracted alcohol counseling services are continued in the 1993 biennium. Equipment is funded at the agency request.

### Funding

General fund is the primary funding source for Pine Hills School. State special revenues each year are: 1) alcohol tax of \$26,573 for a chemical dependency contract; 2) canteen funds of over \$19,700; 3) interest and income of \$267,758 in fiscal 1992 and \$273,891 in fiscal 1993; and 4) industries revenue of \$6,000 each year. Federal revenues each year include: 1) school foods of over \$109,000 from the Department of Education; 2) Chapter I funds of nearly \$108,000; and 3) federal boarder reimbursements totalling \$86,267. Appropriations from the boarder reimbursements account have increased because funds received in fiscal 1990 were approximately \$20,000 higher than expenditures.

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